



WILLIAM T FUJIOKA
Chief Executive Officer

County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

August 17, 2010

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**GRAND AVENUE PROJECT
APPROVE THE ADDENDUM TO THE FINAL ENVIRONMENTAL IMPACT REPORT
APPROVE THE REVISION TO THE PROJECT SCOPE OF DEVELOPMENT AND
OTHER RELATED ACTIONS
(ALL DISTRICTS) (3 VOTES)**

SUBJECT

The approval of the recommended actions will allow for the construction and operation of a world-class museum of contemporary art by The Broad Collection and a parking facility to serve museum patrons and visitors as part of the Grand Avenue Project – Phase II on CRA owned Parcel L in the Bunker Hill Redevelopment Project Area.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Acting as a responsible agency, certify that the Addendum to the previously certified Final Environmental Impact Report for the Grand Avenue Project has been completed in compliance with the California Environmental Quality Act and reflects the independent judgment and analysis of the Board and that the Board has reviewed and considered the information contained in the Addendum and Final Environmental Impact Report prior to approving the project; approve the Addendum and adopt the Mitigation Monitoring Program from the previously certified Environmental Impact Report as referenced in the Addendum together with the applicable regulatory measures, revised project design features and conditions of approval.

Board of Supervisors
GLORIA MOLINA
First District

MARK RIDLEY-THOMAS
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

"To Enrich Lives Through Effective And Caring Service"

***Please Conserve Paper – This Document and Copies are Two-Sided
Intra-County Correspondence Sent Electronically Only***

2. Approve the proposed revision to the Scope of Development of the Grand Avenue Project to replace certain proposed retail uses along Grand Avenue on Parcel L with a world class contemporary art museum, contingent upon receipt and deposit prior to the approval by the Grand Avenue Joint Powers Authority, of the additional \$7.7 million for the benefit of the Grand Avenue Joint Powers Authority as provided in Recommendation No. 4 below.
3. Approve form and substance of the First Amendment to the original 2007 Disposition and Development Agreement to implement the proposed revision to the Scope of Development of the Grand Avenue Project and to provide for the construction and operation of a privately funded and endowed museum among the Grand Avenue Joint Powers Authority, the Grand Avenue L.A., LLC, and The Broad Collection.
4. Approve the additional \$7.7 million to be paid by Mr. Eli Broad to be deposited with the County Treasurer and Tax Collector for the benefit of affordable housing in lieu of any change to the previously approved parcel value ratio for purposes of Section 5.05 of the Grand Avenue Joint Exercise of Powers Agreement.
5. Authorize the Chief Executive Officer to execute conforming documents and take other actions consistent with implementation of these approvals.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The recommended actions seek your Board's approval, as a responsible agency, of the Addendum to the previously certified Final Environmental Impact Report, as certified by the lead agency, the Grand Avenue Authority (Authority) pursuant to the California Environmental Quality Act (CEQA), approval of a proposed revision to the Scope of Development, and approval of the terms of an Amendment to the 2007 Disposition and Development Agreement (DDA) to allow for the development of a world-class museum of contemporary art and a parking facility to serve museum patrons and visitors.

Background

The Authority was created in September 2003, through a Joint Powers Agreement between the County and Community Redevelopment Agency of the City of Los Angeles (CRA), and is a separate legal entity which selected The Related Companies, L.P. as the developer for the Grand Avenue Project (Project) in September 2004, after a public process.

In February 2007, your Board approved various actions relative to the phased development of the mixed-use Project. Among those actions was the approval, in form and substance, of the DDA between the Authority and Grand Avenue L.A., LLC (Developer) which outlined the terms and conditions for development and lease of the Bunker Hill Properties owned by the County and CRA. The DDA requires prior consent by the County, CRA, and Authority to any change in the Scope of Development. The CRA approved this change at its meeting on July 15, 2010.

Change in Scope of Development

The Project, as approved in February 2007 consists of three phases. Phase I includes development of County-owned Parcel Q with retail/cultural uses, restaurants, hotel, residential units, parking, landscaping, and a Civic Park to stretch from Grand Avenue at the Music Center to City Hall at Spring Street. Phase II anticipates development of CRA-owned Parcels L and M2 with primarily residential uses, approximately 101,000 square feet of retail, up to 1,570 parking spaces, and additional streetscape improvements along Grand Avenue. Phase III anticipates development of County-owned Parcel W2 and privately-owned Parcel W1 with residential uses, retail, parking and an optional County office building.

Proposed Museum

The Developer is requesting approvals from the County, CRA, City and Authority to allow The Broad Collection to build a world-class contemporary art museum in lieu of retail on a portion of Grand Avenue Phase II – Parcel L. Grand Avenue Phase IIA will include the construction of a proposed museum to be the home and showcase of The Broad Art Foundation artwork and from time to time selected artworks from the personal art collection of Eli and Edythe Broad. A parking facility will also be constructed to serve museum patrons and provide public parking and possibly some Grand Avenue Phase II parking.

The proposed museum will be located at the southwest corner of 2nd street and Grand Avenue. The proposed museum building will be located on Upper Grand Avenue with a maximum of 120,000 square feet on three levels, consisting of art exhibition/gallery space, archival and storage space, museum and foundation administration offices, a museum shop, and possibly a museum cafe or other refreshment concession. A site plan and profile of the proposed museum on Grand Avenue are depicted in Attachment A.

Total development costs for the proposed museum are estimated to be \$80.0 - \$100.0 million and will be developed, constructed and obligated to be operated by The Broad Collection, a single purpose entity, which will be the ground lessee under a 99-year ground lease of the proposed museum parcel from the Authority. Under the Amendment to the DDA, construction must begin within 18 months of the document execution and be completed within 36 months.

In consideration for, and as a condition to, the consent of the Authority for approval of the change in the scope of development, The Broad Art Foundation and The Eli and Edythe Broad Foundation, jointly and severally agree to guaranty the complete and lien-free construction of the proposed museum. Further, The Eli and Edythe Broad Foundation will provide a guaranty to maintain a net worth of at least \$500.0 million until the completion of the museum.

The proposed museum will be subleased by The Broad Collection to The Broad Art Foundation who will operate the proposed museum, guaranty its satisfaction of the operating standards provided in the DDA, and manage the \$200.0 million endowment to be established as of the date of commencement of operation of the proposed museum and dedicated to the support of the proposed museum. Upon completion of the proposed museum, The Broad Art Foundation shall maintain a net worth of at least \$500.0 million, inclusive of the \$200.0 million endowment fund, for the fulfillment of the proposed museum operating covenants. The art collection held by The Broad Art Foundation will become the permanent collection of the proposed museum and a selection of artworks from that permanent collection will be exhibited continually in the proposed museum.

Proposed Parking Facility

The proposed parking facility will be located below the proposed museum at the level of General Thaddeus Kosciuszko Way and Lower Grand Avenue and will include approximately 284 spaces distributed on three levels. In compliance with City Department of Building and Safety code, the proposed museum is required to provide one parking space per 1,000 square feet of constructed space. Based on this formula, 120 spaces would be allocated for museum employees and visitors with the remaining 164 spaces available as public parking to serve the surrounding neighborhood, and future residential tenant and/or visitor parking. Upon completion of the proposed parking facility, the CRA will have the right to purchase the proposed parking facility at its cost.

Amendment to the Disposition and Development Agreement

An Amendment to the DDA (Attachment B) will approve the revision to the scope of development and will document the terms and conditions for the museum to be constructed and operated.

Under the terms of the Grand Avenue Joint Exercise of Powers Agreement, base ground rents and incentive rents to be generated from the Grand Avenue Project were to be allocated between the County and the CRA, in proportion to the appraised fair market value of their contributed parcels. A 2007 third-party appraisal calculated the total fair market value of all development parcels with the County parcels' value percentage of 67.8 percent and the CRA parcels' value percentage of 32.2 percent.

Under the original DDA, a cultural use would be exempt from base rent and, therefore, the County retained the services of Buss-Shegler Associates to evaluate the financial impacts the proposed museum might have on base and incentive rents. The synopsis and final analysis by Buss-Shegler Associates concluded that inclusion of the proposed museum in Grand Avenue Phase II would reduce the total value of the CRA parcel by \$7.7 million, and provide a basis to readjust the ratios to be used for purposes of future revenue allocation. Final negotiations have concluded that in lieu of a revenue ratio adjustment, \$7.7 million will be paid to the JPA by Mr. Eli Broad and be held in a trust fund by the County Treasurer and Tax Collector for the benefit of affordable housing on the remaining portion of Grand Avenue Phase II – Parcels L & M2. Should they not be developed, the JPA will determine where the funds will be utilized for affordable housing in the Los Angeles downtown redevelopment area. The payment of the \$7.7 million allows the revenue allocation to remain at the original agreed upon percentages of 67.8 percent for the County and 32.2 percent for the CRA.

It is recommended that your Board approve the revisions to the Grand Avenue Project Phase II Scope of Development to facilitate the original objectives of the Project and to make available contemporary art collections more accessible to a greater number of people and draw national and international cultural tourists to Los Angeles and to Grand Avenue, contingent upon receipt and deposit with the County Treasurer and Tax Collector prior to the approval by the Grand Avenue Joint Powers Authority, of the additional \$7.7 million for the benefit of the Grand Avenue Joint Powers Authority.

FISCAL IMPACT/FINANCING

The total estimated cost of the proposed museum is \$80.0 - \$100.0 million. It will be developed and constructed by The Broad Collection and operated by The Broad Art Foundation under the sublease described above.

The total estimated cost of the proposed parking facility, 2nd Street tunnel retaining wall and foundation, site work and offsite public improvements is \$23.0 million and will be developed, financed and constructed by The Broad Collection. The \$23.0 million parking facility estimated cost is exclusive of the proposed museum estimated cost of \$80.0 - \$100.0 million. Upon completion of the proposed parking facility, the CRA will have the option, and The Broad Collection will have the option to require the CRA, to purchase the parking facility at its cost and to pay in annual increments from available net Bunker Hill tax increment over a period of 10 or 11 years. In no event will the total amount of CRA payments, inclusive of CRA's upfront payment of \$8.0 million and all interest, exceed \$30.0 million.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The attached Amendment to the DDA has been reviewed as to form and substance by County Counsel.

ENVIRONMENTAL DOCUMENTATION

On February 13, 2007, acting as a responsible agency, your Board certified the Grand Avenue Project Environmental Impact Report (EIR) as prepared and certified by the Grand Avenue Authority as lead agency for the Grand Avenue Project.

The Addendum to the Final EIR (Attachment C) analyzes potential environmental effects, which may be associated with change in project scope to substitute the proposed museum for some planned retail uses in Grand Avenue Phase II. The Addendum to the Final EIR demonstrates that environmental impacts resulting from the proposed museum would not result in any new significant impacts beyond those previously analyzed in the Final EIR nor would it result in a substantial increase in the severity of significant impacts previously identified in the EIR. In addition the analysis demonstrates there will be no substantial changes with respect to the circumstances under which the project will take place and no new information of significance to the environmental analysis became known. The mitigation measures from the certified EIR applicable to the Phase II as revised have been reviewed and will be monitored for compliance.

The Honorable Board of Supervisors
August 17, 2010
Page 7

CONCLUSION

Upon approval of the recommendations, please forward an adopted copy of the Board letter to my office.

Respectfully submitted,



WILLIAM T FUJIOKA
Chief Executive Officer

Attachments

WTF:BC:SK
DJT:DKM:zu

Attachments

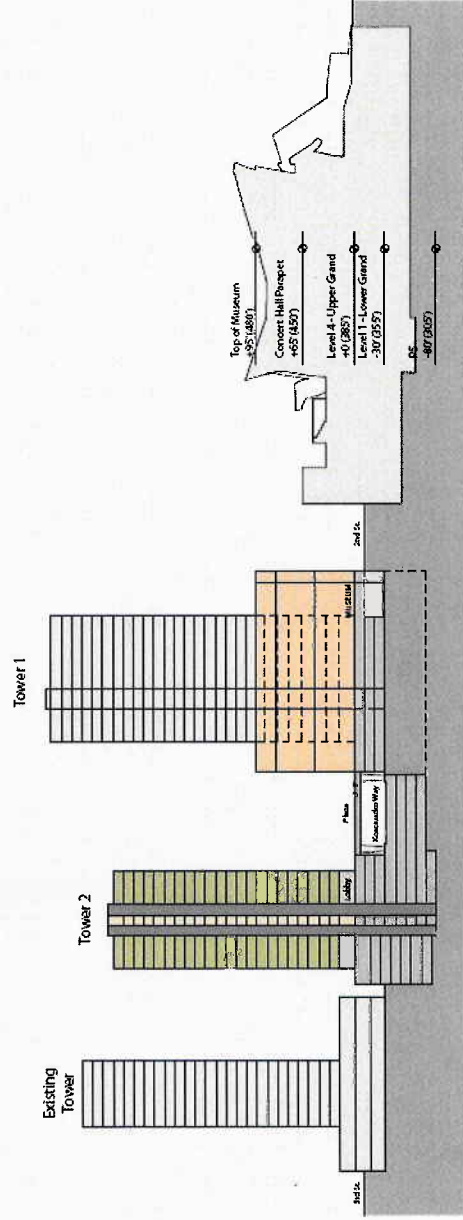
c: Executive Office, Board of Supervisors
County Counsel
The Los Angeles Grand Avenue Authority
The Broad Collection, The Broad Art Foundation, and
The Eli and Edythe Broad Foundation

ATTACHMENT A

GRAND AVENUE PROJECT – PHASE II

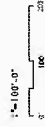
PROPOSED REVISION TO SCOPE OF DEVELOPMENT

MUSEUM CONCEPT DESIGN DRAWINGS



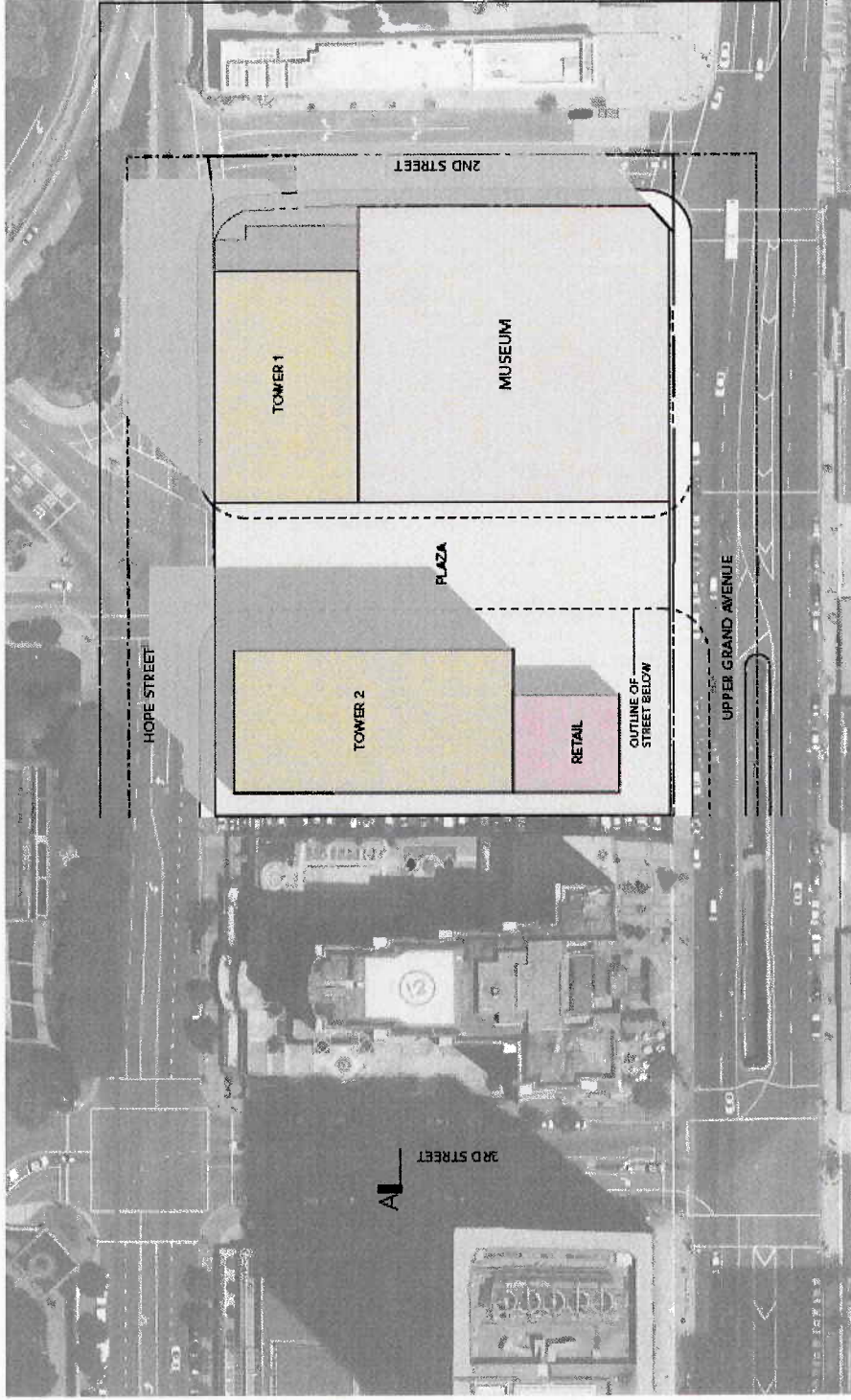
NOTE:
Building heights for illustrative
purposes only.

- LEGEND
- Museum
 - Museum Support
 - Retail
 - Lobby
 - Residential
 - Residential Support
 - Parking



GRAND AVENUE phase II site conceptual study

FLOOR PLAN - LEVEL 4 - UPPER GRAND AVENUE



SUMMARY - LEVEL 4

Retail	8464 sf
Museum	40,000 sf
Residential	25,890 sf

ZGF

03_16_2010

ATTACHMENT B

FIRST AMENDMENT TO DISPOSITION AND DEVELOPMENT AGREEMENT

BY AND AMONG

THE LOS ANGELES GRAND AVENUE AUTHORITY,

GRAND AVENUE L.A., LLC AND

THE BROAD COLLECTION

FIRST AMENDMENT TO DISPOSITION AND DEVELOPMENT AGREEMENT

(GRAND AVENUE)

THIS FIRST AMENDMENT TO DISPOSITION AND DEVELOPMENT AGREEMENT ("Amendment") is entered into as of _____, 2010 by and among THE LOS ANGELES GRAND AVENUE AUTHORITY, a California joint powers authority ("**Authority**"), ~~GRAND AVENUE L.A., LLC, a Delaware limited liability company~~ ("**Developer**"), and THE BROAD COLLECTION, a California nonprofit public benefit corporation ("**Phase IIA Developer**") with reference to the following facts and objectives:

RECITALS

A. Authority and Developer are parties to that certain Disposition and Development Agreement (Grand Avenue) dated as of March 5, 2007 (the "**Original DDA**") pertaining to the development of certain real property adjacent to the Los Angeles downtown Civic Center and Music Center with retail, hotel, office and housing (including affordable housing), together with destination urban park uses and the remaking of Grand Avenue into active and inviting pedestrian uses, all as more particularly described in the Original DDA. Capitalized terms used and not otherwise defined herein shall have the meaning ascribed to such terms in the Original DDA. The Original DDA as amended by this Amendment is referred to herein as the "**Amended DDA**."

B. Section 104 of the Original DDA provides that the Development Site for the Project (as such terms are defined in the Original DDA) consists of the Phase I Parcel, the Phase II Parcels and the Phase III Parcels. The Community Redevelopment Agency of the City of Los Angeles, California (the "**CRA**") is the fee owner of the Phase II Parcels (comprised of Parcel L and Parcel M-2 of the Redevelopment Plan (as defined in Section 110 of the Original DDA)). Developer and Phase IIA Developer have requested that Authority enter into this Amendment to (i) document the assignment of certain rights to a portion of the Phase II Parcels from Developer to Phase IIA Developer pursuant to the Phase IIA Assignment Agreement (defined below), (ii) confirm the agreement of the parties hereto that the CRA will convey an airspace parcel over a portion of Parcel L, as more particularly described on Exhibit "A-1" attached hereto ("**Garage Airspace Parcel**") directly to Phase IIA Developer in order for Phase IIA Developer to finance and construct a three (3) level public parking garage containing approximately 290 parking spaces ("**Phase IIA Parking Garage**") pursuant to the CRA Parking Facility and Museum Development Agreement (defined below), and (iii) amend the Scope of Development for Phase II to include a cultural use as approved by Authority and to provide for Phase IIA Developer to ground lease an airspace parcel contiguous to and immediately above the Garage Airspace Parcel, as more particularly described on Exhibit "A-1" attached hereto ("**Museum Parcel**"), and to finance, construct and operate the Museum (as defined in Paragraph 2(b) below) in the Museum Parcel. The Garage Airspace Parcel and the Museum Parcel are collectively referred to herein as the "**Phase IIA Parcels**."

C. As a material part of the consideration to Authority for entering into this Amendment, Phase IIA Developer has agreed to construct the Museum in the Museum Parcel to (i) be compatible in design with the Disney Concert Hall, (ii) consist of approximately 120,000

square feet of space with three floors of approximately 40,000 square feet each, (iii) include approximately 45,000 square feet of clear loading and storage/archive space, approximately 15,000 square feet of museum offices, approximately 35,000 square feet of art exhibition space, a Museum Shop (as defined in Exhibit "G-1" attached hereto) and, at Phase IIA Developer's option, a Museum Café (as defined in Exhibit "G-1" attached hereto), (iv) serve at all times and continuously during the term of the Museum Parcel Ground Lease as the home and showcase of The Broad Art Foundation's (as hereinafter defined) art collections and the international headquarters of The Broad Art Foundation's worldwide lending program, and (v) be operated in compliance with the requirements of Exhibit "G-1" attached hereto.

D. As a material part of the consideration to the CRA for consenting to this Amendment, Phase IIA Developer and the CRA are entering into, or have entered into, a funding and conveyance agreement between the CRA and Phase IIA Developer (the "**CRA Parking Facility and Museum Development Agreement**") pursuant to which the CRA agrees to convey fee title to the Garage Airspace Parcel to Phase IIA Developer, Phase IIA Developer agrees to finance and construct the Phase IIA Parking Garage thereon, the CRA receives a right to purchase the Garage Airspace Parcel and the Phase IIA Parking Garage (collectively, the "**Parking Property**") from Phase IIA Developer (and Phase IIA Developer receives the right to sell the Parking Property to the CRA) following completion of the Phase IIA Parking Garage, and the CRA agrees to reimburse Phase IIA Developer for certain costs associated with the Phase IIA Improvements, all as more particularly set forth in the CRA Parking Facility and Museum Development Agreement.

E. The CRA, with the cooperation of Developer and Phase IIA Developer, may process a subdivision of Parcel L to create the Museum Parcel, the Garage Airspace Parcel and the remainder of Parcel L as separate legal parcels, provided that there are no conditions imposed in connection with such subdivision that would (i) be inconsistent with the Amended DDA, or the CRA Parking Facility and Museum Development Agreement, or (ii) interfere with the permitted uses of (i) the Museum Parcel and the Garage Airspace Parcel as described in this Amendment or (ii) the Phase II Parcels as described in the Amended DDA. Prior to the completion of such subdivision, the conveyance of the Phase IIA Parcels shall be made pursuant to the legal descriptions attached as Exhibit "A-1".

F. The Garage Airspace Parcel will be conveyed in fee by the CRA to Phase IIA Developer so that Phase IIA Developer can construct the Phase IIA Parking Garage thereon, as more particularly described hereinbelow and in the CRA Parking Facility and Museum Development Agreement. The Museum Parcel will be ground leased by the CRA to Authority, and in turn sub-ground leased by Authority to Phase IIA Developer, as more particularly described hereinbelow and in the First Amended and Restated Conveyance and Funding Agreement between the CRA and Authority to be entered into prior to or concurrently with this Amendment (the "**First Amended and Restated C&F Agreement**"). The Museum, the Phase IIA Parking Garage and related improvements to the Phase IIA Parcels associated therewith are sometimes collectively referred to herein as the "**Phase IIA Improvements.**" "**Phase IIA**" shall mean the construction and development of the Phase IIA Improvements on the Phase IIA Parcels.

G. Authority has caused a review of the proposed Phase IIA Improvements and the original Environmental Impact Report on the Grand Avenue Project (“**EIR**”) that was approved by the CRA and the County of Los Angeles (the “**County**”) as responsible agencies and by Authority as the lead agency. Authority’s consultant has generated an Addendum (“**EIR Addendum**”) to the EIR to comply with the California Environmental Quality Act (“**CEQA**”) requirements for the proposed Phase IIA Improvements. Authority, as lead agency, and CRA and the County, as responsible agencies, have reviewed and considered the EIR Addendum and the EIR prior to considering any action on this Amendment.

H. Pursuant to that certain Grand Avenue Project-Phase IIA Parcel Assignment and Assumption Agreement dated as of June 21, 2010 (the “**Phase IIA Assignment Agreement**”), Developer has assigned to Phase IIA Developer its rights and obligations under the Amended DDA with respect to the Phase IIA Parcels, and Phase IIA Developer has assumed such rights and obligations so that Phase IIA Developer can develop the Phase IIA Improvements under the Amended DDA. Developer and Phase IIA Developer entered into the Phase IIA Assignment Agreement in anticipation of this Amendment being executed by the parties hereto. On the Amendment Effective Date (defined below), Authority and CRA will deliver executed consents to the Phase IIA Assignment Agreement to evidence their approval of the assignment and assumption provided for therein, which consents satisfy a condition precedent to the effectiveness of the Phase IIA Assignment Agreement.

I. The Scope of Development attached to the Original DDA as Exhibit “A” and including Attachment 1 to Exhibit “A” contemplated that a cultural use could be included in Phase I of the Project, but it did not provide for a cultural use in Phase II of the Project. An amendment to the Scope of Development requires approval of the Governing Entities as provided in Section 402 of the Original DDA as well as an amendment of the Original DDA. The Amendment of the Original DDA and the Scope of Development in order to permit the development of the Museum as a cultural use on the Phase IIA Parcels and permit the other Phase IIA Improvements by Phase IIA Developer on the Phase IIA Parcels is in the vital and best interests of the City and the County and the health, safety, morals and welfare of their residents, and consistent with the public purposes and provisions of the applicable federal, state and local laws and requirements, and, in particular, the Community Redevelopment Law of the State of California Health and Safety Code Section 33000 et seq.

J. As more particularly described in Article 8 of this Amendment, if Developer complies with its obligation to ground lease the Phase II Parcels and commence development of Phase II thereon as and when required by the Original DDA (as the same may be amended, modified and/or supplemented from time to time), and if Developer desires the use of parking spaces in the Phase IIA Parking Garage in connection therewith, then the CRA shall, if it has not already done so (and if Phase IIA Developer has not already exercised its put right under the Put/Call Agreement), exercise its right under the Put/Call Agreement to acquire the Parking Property from Phase IIA Developer, and Authority shall exercise the Authority Option to lease the Parking Property from the CRA, so that Authority can in turn sublease the Parking Property to Developer; provided, however, that Authority shall have no obligation to exercise the Authority Option or enter into such lease or sublease unless (i) the CRA, Authority and Developer mutually agree upon the amount of the Parking Lease Consideration, and (ii)

Developer agrees to pay such agreed-upon Parking Lease Consideration to Authority.

K. Promptly following the mutual execution of this Amendment, the CRA and Authority shall enter into the Museum Parcel CRA Ground Lease (as defined in Section 2(b) below), and Authority and Phase IIA Developer shall enter into a ground lease with respect to the Museum Parcel in substantially the form attached to the Original DDA as Exhibit "G", with agreed-upon modifications applicable to the Museum including, without limitation, incorporation of the terms and conditions set forth in Exhibits "G-1" and "H-1" attached hereto (the "**Museum Parcel Ground Lease**"). The Museum Parcel Ground Lease will require Phase IIA Developer to finance, develop and operate the Museum on the Museum Parcel in compliance with the terms of the Amended DDA including, without limitation, Exhibit "G-1" attached hereto. Developer shall not be a party to the Museum Parcel Ground Lease and Developer shall have no right of approval or review with respect to the Museum Parcel Ground Lease.

L. Upon issuance of the Certificate of Completion for the Museum, Phase IIA Developer intends to enter into a Permitted Transfer (as hereinafter defined).

M. The parties hereby enter into this Amendment to create a new Phase IIA out of a portion of the original Phase II, to acknowledge the assignment and assumption between Developer and Phase IIA Developer under the Phase IIA Assignment Agreement, to provide for the development of the Phase IIA Improvements by Phase IIA Developer on the Phase IIA Parcels as part of the Project, to provide for the disposition of the Garage Airspace Parcel and Phase IIA Parking Garage, to amend the Scope of Development to permit a cultural use in Phase IIA, as set forth in Exhibit "B-1" attached hereto, and to authorize a Permitted Transfer (as hereinafter defined). This Amendment shall become effective when (i) it has been executed and delivered by Authority, Developer and Phase IIA Developer and approved by the Governing Entities, (ii) the CRA and Authority have executed and delivered the First Amended and Restated C&F Agreement, and (iii) the CRA Parking Facility and Museum Development Agreement has been executed and delivered by Phase IIA Developer and the CRA (the "**Amendment Effective Date**").

NOW THEREFORE, in consideration of the foregoing Recitals and for other good and valuable consideration, the receipt of which is hereby acknowledged, Authority, Developer and Phase IIA Developer hereby agree as follows:

1. **Recitals Incorporated by Reference.** The foregoing Recitals A through M are hereby incorporated into and made a part of this Agreement.

2. **Amendment to Original DDA to Incorporate Phase IIA.**

(a) The definitions set forth in Section 110 of the Original DDA are hereby amended as follows:

(1) The definition of "**Authority Parcels**" is amended to include the Phase IIA Parcels.

(2) The definition of “**CRA-Authority Leases**” is amended to include the Museum Parcel CRA Ground Lease.

(3) The definition of “**Development Site**” is amended to include the Phase IIA Parcels.

(4) The definition of “**Ground Lease(s)**” is amended to include the Museum Parcel Ground Lease.

(5) The definition of “**Improvements**” is amended to include the Phase IIA Improvements.

(6) The definition of “**Parcel(s)**” is amended to include the Phase IIA Parcels. All references in the Amended DDA to the “Phase II Parcels” shall exclude the Phase IIA Parcels.

(7) The definition of “**Phase**” is amended to add Phase IIA.

(b) The following definitions are added to Section 110 of the Original DDA:

(1) “**Amendment Effective Date**” is defined in Recital M.

(2) “**Authority Option**” is defined in Article 8.

(3) “**Authority/Developer Parking Lease**” is defined in Article 8.

(4) “**CRA/Authority Lease**” is defined in Article 8.

(5) “**CRA Parking Facility and Museum Development Agreement**” is defined in Recital D.

(6) “**EIR Addendum**” is defined in Recital G.

(7) “**Endowment**” is defined in Section 6, sub-paragraph (9).

(8) “**First Amended and Restated C&F Agreement**” is defined in Recital F.

(9) “**Foundations**” means, collectively, The Eli and Edythe Broad Foundation and The Broad Art Foundation.

(10) “**Foundations Guaranty**” is defined in Section 6, sub-paragraph (11).

(11) “**Grant Agreement**” is defined in Section 6, sub-paragraph (8).

(12) “**Garage Airspace Parcel**” is defined in Recital B.

(13) **“Museum”** means the world-class contemporary art museum to be constructed and operated on the Museum Parcel in accordance with the terms and conditions of the Amended DDA, including but not limited to Exhibits “G-1” and “H-1” attached hereto.

(14) **“Museum Final Construction Budget”** means a construction budget for the Museum approved by Authority.

(15) **“Museum/Garage REA”** is defined in Section 5.1.

(16) **“Museum Key Personnel”** means the President of Phase IIA Developer. As of the date hereof, the Museum Key Personnel is Eli Broad.

(17) **“Museum Parcel”** is defined in Recital B.

(18) **“Museum Parcel CRA Ground Lease”** means a ground lease from the CRA to Authority of the Museum Parcel to be entered into immediately prior to the execution and delivery of the Museum Parcel Ground Lease, as a condition to the effectiveness thereof.

(19) **“Museum Parcel Ground Lease”** is defined in Recital K.

(20) **“Museum Parcel Leasehold Acquisition Fee”** means \$100.00.

(21) **“Museum Parcel Title Policy”** is defined in Paragraph 2(h).

(22) **“Museum/Phase II REA”** is defined in Section 5.1.

(23) **“Museum Schedule of Performance”** is defined in Paragraph 2(d).

(24) **“Parking Lease Consideration”** means the amount payable by Authority to the CRA, as provided in Article 8, as consideration for the CRA/Authority Parking Lease (as defined in Article 8), which amount shall be based upon a fair market analysis of the Parking Property to be negotiated between the CRA, Authority and Developer, subject to the approval of the amount of such payment by the CRA Board of Commissioners and provided that the amount of such payment must be sufficient to permit the CRA to pay any remaining balance owed by the CRA to Phase IIA Developer in connection with the CRA’s purchase of the Parking Property from Phase IIA Developer.

(25) **“Parking Property”** is defined in Recital D.

(26) **“Permitted Transfer”** is defined in Section 7, sub-paragraph (h).

(27) **“Permitted Transferee”** is defined in Section 7, subparagraph (h).

(28) **“Phase IIA”** is defined in Recital F.

(29) **“Phase IIA Agreements”** means the following agreements to which Phase IIA Developer is a party: the Amended DDA, the Phase IIA Assignment

Agreement, the Museum Parcel Ground Lease and the CRA Parking Facility and Museum Development Agreement.

(30) “**Phase IIA Assignment Agreement**” is defined in Recital H.

(31) “**Phase IIA Developer**” means The Broad Collection, a California nonprofit public benefit corporation.

(32) “**Phase IIA Improvements**” is defined in Recital F.

(33) “**Phase IIA Parcels**” is defined in Recital B.

(34) “**Phase IIA Parking Garage**” is defined in Recital B.

(35) “**PLA**” is defined in Section 2, subparagraph (o).

(36) “**Put/Call Agreement**” is defined in Article 8.

(37) “**Recognition Agreements**” is defined in Section 5.2.

(38) “**The Broad Art Foundation**” means The Broad Art Foundation, a California charitable trust and private operating foundation under Sections 501(c)(3) and 509(a) of the Internal Revenue Code, with a principal office currently located at 10900 Wilshire Boulevard, 12th Floor, Los Angeles, CA 90024.

(39) “**The Eli and Edythe Broad Foundation**” means The Eli and Edythe Broad Foundation, a California charitable trust and private grant making foundation under Section 501(c)(3) of the Internal Revenue Code.

(c) The Scope of Development for the Project attached to the Original DDA as Exhibit “A” is hereby amended to (i) include Phase IIA as a part of the Project, and (ii) permit a cultural use in Phase IIA of the Project, as more particularly set forth in Exhibit “B-1” attached hereto.

(d) The Schedule of Performance for the Project attached to the Original DDA as Exhibit “C” is hereby supplemented by the addition of the Museum Schedule of Performance attached hereto as Exhibit “C-1” which shall govern the schedule of development of the Museum (the “**Museum Schedule of Performance**”).

(e) The Concept Design Drawings for the Project attached to the Original DDA as Exhibit “K” are amended to include the Concept Design Drawings for the Museum attached hereto as Exhibit “D-1”.

(f) A new Section (4) is hereby added to the end of Section 108 of the Original DDA: “(4) Phase IIA Developer. The “**Phase IIA Developer**” is The Broad Collection, a California nonprofit public benefit corporation. Phase IIA Developer’s principal office is located at 10900 Wilshire Boulevard, 12th Floor, Los Angeles, CA 90024.”

(g) The definition of “Project” set forth in Section 101(9) of the Original DDA is hereby amended to include the Phase IIA Improvements.

(h) The following paragraph is hereby added to the end of Section 209 of the Original DDA: “Concurrently with the recordation of a Memorandum of the Museum Parcel Ground Lease, Phase IIA Developer shall have the right to obtain from the Title Company, at Phase IIA Developer’s cost, a ground leasehold title insurance policy (the “**Museum Parcel Title Policy**”) for the Museum Parcel. The Museum Parcel Title Policy shall be in an amount agreed upon by the Phase IIA Developer and the Title Company, and shall be in form and substance reasonably agreeable to the Phase IIA Developer and agreed to by the Title Company, and shall insure that title to the ground lessee’s interest in the Museum Parcel Ground Lease is vested in Phase IIA Developer subject only to such exceptions as have been reasonably approved by Phase IIA Developer. The Title Company’s commitment to issue the Museum Parcel Title Policy as aforesaid shall be a condition to the obligations of Phase IIA Developer to close the acquisition of the Museum Parcel Ground Lease.”

(i) The following language is hereby added to the end of Section 507(2) of the Original DDA: “Promptly after (i) completion of the Museum as described in the Project Documents for the Museum and the Museum Schedule of Performance, (ii) the issuance of a temporary Certificate of Occupancy by the City for the Museum and (iii) Phase IIA Developer’s delivery to Authority of bonds sufficient to secure completion of any punchlist items or other incomplete work, Authority shall furnish Phase IIA Developer with a Certificate of Completion for the Museum upon written request therefor by Phase IIA Developer. Such Certificate of Completion shall be in such form as to permit it to be recorded in the Office of the County Recorder of Los Angeles County. The issuance of such Certificate of Completion for the Museum shall be conditioned upon certification by the CRA that Phase IIA Developer has completed the Phase IIA Parking Garage in accordance with the requirements of the CRA Parking Facility and Museum Development Agreement and has received a temporary Certificate of Occupancy by the City for the Phase IIA Parking Garage, and has delivered to the CRA any bonds or other evidence of ability to complete any punchlist items or other incomplete work on the Phase IIA Parking Garage. If Phase IIA Developer is entitled to a Certificate of Completion for the Museum, Authority shall promptly, but in any event within 30 days after demand, deliver the same to Phase IIA Developer.”

(j) The following Articles and Sections of the Original DDA are expressly inapplicable to Phase IIA Developer and the Phase IIA Parcels: Sections 201 (Developer Parcel), 204(A) through (G) (except for Sections 204(F)(VI) and 204(F)(VII)), 205 (Operator Ground Leases), 206 (Common Area Agreement), 207 (Condominium Owners’ Associations), 208 (Developer Deposits and Leasehold Acquisition Fee), 210(2), 213 (County Office Building), and 214 (Bridge/Platform), Article 3 (except for Section 301(2) with respect to Grand Avenue Streetscape), Sections 408 (1) and (3) (Construction Budgets for Phases I and III), 409 (Upper Second Street/Grand Avenue Bridge Construction), 507(1) and (3) (Certificates of Completion for Phases I and III), 707 (Affordable Housing), 1310 (Withholding Conveyance as a Remedy for Failure to Develop the Development Site) and 1617 (City Approvals).

(k) By executing this Amendment, Authority acknowledges that Authority has reviewed and approved Schematic Design Drawings for the Phase IIA Parking Garage.

Authority acknowledges that the CRA will have authority and responsibility for reviewing and approving all other Project Documents for the Phase IIA Parking Garage pursuant to the CRA Parking Facility and Museum Development Agreement. Except as provided in Paragraph 2(j) above, the provisions of Article 4 of the Original DDA shall apply with respect to Phase IIA Developer's design and development of the Museum and submittal of Project Documents therefor; provided, however, that with respect to the Museum:

(1) the deadlines for submittal and review of the various Project Documents shall be governed by the Museum Schedule of Performance attached hereto as Exhibit "C-1";

(2) all references in said Article 4 to Retail Improvements and Residential Improvements shall be deemed to refer to the Museum;

(3) all references in said Article 4 to Public Space Improvements shall be inapplicable;

(4) the references in Section 408(2) to a construction budget for Phase II and the Phase II Final Construction Budget shall be deemed to refer to a construction budget for the Museum and the Museum Final Construction Budget, respectively (the forgoing pertains to the Museum Parcel only and shall not limit the applicability of Section 408(2) to the original Phase II);

(5) the requirements of Sections 415 (Art Requirements) and 420 (CRA's Art Policy) shall be fully satisfied by Phase IIA Developer's construction of the Museum on the Museum Parcel;

(6) the requirements of Section 416 (Construction Financing) shall be satisfied by Phase IIA Developer's delivery of the Grant Agreement to Authority as and when required by Section 6, sub-paragraph (8) below;

(7) the requirements of Section 417 (Completion Guaranty) shall be satisfied by Phase IIA Developer's delivery of the Foundations Guaranty to Authority as and when required by Section 6, sub-paragraph (11) below;

(8) Section 418 (Completion Bonds) shall be amended and restated in its entirety as set forth on Schedule 418 attached hereto;

(9) the references to the Scope of Development shall be deemed to refer to the Scope of Development as amended by Exhibit "B-1" attached hereto;

(10) the references to the Concept Design Drawings attached to the Original DDA as Exhibit "K" shall be deemed to refer to the Concept Design Drawings for the Museum attached hereto as Exhibit "D-1"; and

(11) the Project Documents pertaining to the Museum shall also include the Grand Avenue Streetscape (as defined in Paragraph 301(2) of the Original DDA) to be constructed on Grand Avenue in front of the Museum.

(l) With respect to Section 1003 of the Original DDA, Phase IIA Developer's obligation to take the remedial actions set forth therein shall apply only with respect to Hazardous Materials on or under the Phase IIA Parcels as a result of the actions of Phase IIA Developer or its Affiliates, contractors, agents, employees or licensees.

(m) Notwithstanding anything to the contrary set forth in Article 10 or elsewhere in the Original DDA, Phase IIA Developer has not made, and is not making, any representations or warranties regarding the condition of the Phase IIA Parcels prior to delivery thereof to Phase IIA Developer.

(n) In lieu of Section 602 of the Original DDA, Phase IIA Developer shall comply with Schedule 602 attached hereto with respect to the Museum Parcel and the Museum. Authority acknowledges that the CRA will have authority and responsibility for ensuring Phase IIA Developer's compliance with the insurance requirements of the CRA Parking Facility and Museum Development Agreement with respect to the Parking Property.

(o) With respect to Section 710(a) of the Original DDA and the Phase IIA Parcels, Phase IIA Developer shall implement and satisfy the CRA's local hiring responsibilities of construction employers on CRA assisted projects attached to the Original DDA as Exhibit "S" by entering into and complying with the Community Redevelopment Agency of the City of Los Angeles Project Labor Agreement ("PLA") with the Los Angeles/Orange Counties Building and Construction Trades Council and other craft labor unions signatory to the PLA, subject to the CRA's reasonable determination of applicable terms and revisions. Phase IIA Developer shall not be deemed to be in breach of the local hiring responsibilities of construction employers in Section 710(a) or Exhibit "S" of the Original DDA unless the CRA has exercised remedies against the Phase IIA Developer under the PLA.

(p) Except as provided in Paragraphs 2(j) through (o) above and elsewhere in this Amendment, the provisions of the Original DDA shall govern and apply with respect to Phase IIA Developer and the Phase IIA Parcels, and references therein to "Developer" shall also apply to Phase IIA Developer with respect to Phase IIA, unless otherwise expressly stated herein or reasonably required by the context of usage and the provisions of this Amendment.

(q) In connection with the development of Phase IIA and Phase II, Phase IIA Developer and Developer, respectively, shall work in good faith with the City and the Los Angeles County Metropolitan Transportation Authority to determine whether it is feasible to create a pedestrian connection on the Phase IIA Parcels between the future subway portal for the Regional Connector station to be developed on Hope Street and Grand Avenue.

(r) In the event of a conflict between the Original DDA and this Amendment, this Amendment shall prevail.

(s) Phase IIA Developer's obligations shall apply with respect to Phase IIA only.

3. **Approval of Museum.** Authority hereby approves the Museum as a permitted cultural use as part of Phase IIA of the Project, to be located on the Museum Parcel. The development of the Phase IIA Improvements on the Phase IIA Parcels will be completed in accordance with the

plans approved by Authority pursuant to the Amended DDA and the CRA pursuant to the CRA Parking Facility and Museum Development Agreement. The Museum Parcel Ground Lease does not constitute a Phase II Ground Lease between Developer and Authority, as contemplated by the Original DDA.

4. **Phase IIA Rent.** This Article 4, and not Section 204 of the Original DDA, shall govern with respect to the payment of rent for Phase IIA; provided however, that Sections 204(F)(VI) and 204(F)(VII) of the Original DDA shall expressly apply with respect to the Incentive Rent for the Museum. Concurrently with Phase IIA Developer's execution of this Amendment, Phase IIA Developer shall pay Authority the Museum Parcel Leasehold Acquisition Fee. Commencing on the third (3rd) anniversary of the date that the Museum first opens to the public, Phase IIA Developer shall pay Authority annual Incentive Rent with respect to the Museum in the amount of two percent (2%) of Gross Rents from all third party retail and restaurant operations on the Museum Parcel, as and when required by the Museum Parcel Ground Lease. For purposes of this Article 4, "**Gross Rents**" means the annual total rent paid to the Phase IIA Developer by each third party retail and restaurant operator, if any, at the Museum (including, without limitation, fees or rents paid by such third party operators for the right to place carts or kiosks on the Museum Parcel, and temporary users, antennae license fees, and fees paid for signage or other advertising in the Museum) to Phase IIA Developer or its successors or affiliates, whether designated as base rent, percentage rent, or additional rent, but excluding (i) utilities and taxes that are paid directly by one or more tenants to the utility companies or County tax collector and (ii) utilities, taxes or common area maintenance costs that are paid by one or more tenants to Phase IIA Developer pursuant to separate expense billings.

5. **REAs, Recognition Agreements and Non-Disturbance Agreement.**

5.1 **Reciprocal Easement Agreements.** The CRA Parking Facility and Museum Development Agreement requires that Phase IIA Developer and the CRA enter into a mutually acceptable form of reciprocal easement agreement ("**Museum/Garage REA**") governing the shared use of vehicular and pedestrian access ways by visitors to the Phase IIA Parking Garage and the Museum, subjacent and lateral support easements, use of elevators, escalators and walkways by visitors to the Phase IIA Parking Garage or the Museum, parking rights for the employees and visitors to the Museum over and in the Phase IIA Parking Garage, easements for utility lines over and across each improvement for the benefit of the owner of the other improvement, and other reciprocal rights and easements. Authority may be a party to the Museum/Garage REA for purposes of agreeing to be bound by the Museum/Garage REA in the event Authority terminates the Museum Parcel Ground Lease. Phase IIA Developer and the CRA shall provide Developer with a reasonable opportunity to review the Museum/Garage REA and any other agreement regarding the foregoing matters in this Section 5.1 and shall consider Developer's concerns in good faith prior to reaching any final agreement with respect thereto. In addition to the Museum/Garage REA, when Developer is ready to Commence Construction of Phase II, the CRA, Developer, and Phase IIA Developer shall enter into a reciprocal easement agreement ("**Museum/Phase II REA**") governing, among other things, reciprocal rights and easements for the tenants, visitors, owners and invitees to the Phase IIA Parcels and the Phase II Parcels for defined amounts of parking and to use the ramps, elevators, escalators, stairwells, plazas and other vehicular and pedestrian rights of way connecting the Museum improvements with the Phase II Improvements, as well as lateral and subjacent support easements between the

two sets of improvements and their foundations, in order to facilitate the development of the Phase II Improvements immediately adjacent to the Museum and the interconnection between such improvements to allow pedestrian access. Developer shall be required, at its sole cost, in connection with the design and development of the Phase II Improvements, to physically connect the Phase II Improvements with the Phase IIA Improvements to the extent commercially practicable and to facilitate a connected and integrated set of improvements on Parcels L and M-2. Without limiting the foregoing, Developer shall design its parking facility located on Parcel L as part of the Phase II Improvements so that it can be physically connected to the Phase IIA Parking Garage where reasonably possible, so that the two garage facilities can be accessed and operated as one integrated parking facility, subject to the requirements of the CRA. Authority may withhold its approval of the Project Documents for the Phase II Improvements if the interconnection between the Phase II and Phase IIA Improvements has not been satisfactorily addressed. The Museum/Garage REA and the Museum/Phase II REA shall both be subject to the approval of Authority. Without limiting the foregoing provisions of this Section 5.1, in designing the Museum, Phase IIA Developer shall, in good faith, take into account possible future development by Developer (or a subsequent developer of Phase II), and Phase IIA Developer shall reasonably cooperate with Developer's (or such subsequent developer's) efforts to join and make contiguous any plazas and walkways that may surround the Museum with any future walkways and plazas that maybe designed as part of the future development on the Phase II Parcels.

5.2 **Recognition Agreements.** If Authority is not a party to the Museum/Garage REA, then concurrently with execution of the Museum/Garage REA by the CRA and Phase IIA Developer, Authority and the CRA will enter into a recognition agreement in form and substance satisfactory to Authority and the CRA, whereby Authority will agree to be bound by the Museum/Garage REA in the event Authority terminates the Museum Parcel Ground Lease with Phase IIA Developer. In addition, concurrent with the execution of the Museum/Phase II REA, Authority and Developer shall enter into a recognition agreement in form and substance satisfactory to Authority and Developer, whereby Authority will agree to be bound by the Museum/Phase II REA in the event that Authority terminates the Museum Parcel Ground Lease or the Phase II Ground Lease. Such recognition agreements are referred to collectively as the "**Recognition Agreements**". The Recognition Agreements will be negotiated and executed concurrently with the REAs.

5.3 **Non-Disturbance Agreement.** Concurrently with Authority and Phase IIA Developer's entry into the Museum Parcel Ground Lease, the CRA, Authority and Phase IIA Developer shall enter into a Non-Disturbance Agreement in the form attached hereto as Exhibit "F-1." Phase IIA Developer shall have the right to record such Non-Disturbance Agreement against the Museum Parcel, at Phase IIA Developer's expense.

6. **Phase IIA Developer Representations, Warranties and Covenants.** Section 1501 of the Original DDA shall be inapplicable with respect to Phase IIA Developer. The following Section 1503 (which shall be inapplicable with respect to Developer) is hereby added to the end of Article 15 of the Original DDA:

"1503 **Representations, Warranties and Covenants of Phase IIA Developer.**

Phase IIA Developer represents, warrants and covenants to Authority as follows:

(1) Organization. The Broad Collection is a California nonprofit public benefit corporation, duly formed, validly existing under the laws of the State of California and qualified to conduct business in the State of California, with full power and authority to conduct its business as presently conducted and to execute, deliver and perform its obligations under the Phase IIA Agreements. Each of the entities that comprise the Foundations are duly formed, validly existing under the laws of the State of California and qualified to conduct business in the State of California, with full power and authority to conduct their businesses as presently conducted and to execute, deliver and perform their respective obligations under the Grant Agreement and the Foundations Guaranty.

(2) Authorization. Phase IIA Developer has taken all necessary action to authorize its execution, delivery and, subject to the conditions set forth herein, performance of its obligations under this Amendment and the other Phase IIA Agreements. Upon such execution and delivery, this Amendment shall constitute a legal, valid and binding obligation of Phase IIA Developer, enforceable against it in accordance with its terms.

(3) No Conflict. The execution, delivery and performance of this Amendment by Phase IIA Developer does not and will not conflict with, or constitute a violation or breach of, or a default under, (a) the articles of incorporation, bylaws and/or other formation documents of Phase IIA Developer, (b) any applicable law, rule or regulation binding upon or applicable to Phase IIA Developer, or (c) any material agreements to which Phase IIA Developer is a party.

(4) No Litigation. There is no existing or, to Phase IIA Developer's knowledge, pending or threatened litigation, suit, action or proceeding before any court or administrative agency affecting Phase IIA Developer that would, if adversely determined, adversely affect Phase IIA Developer, the Phase IIA Improvements or Phase IIA Developer's ability to perform its obligations hereunder or under the other Phase IIA Agreements.

(5) No Defaults. Phase IIA Developer is not in default in respect of any of its obligations or liabilities pertaining to the Phase IIA Parcels, nor is there any state of facts, circumstances, conditions, or events which, after notice, lapse of time, or both, would constitute or result in any such default. Phase IIA Developer is not and will not be in default with respect to any agreements, obligations or liabilities that could adversely affect Phase IIA Developer's ability to perform its obligations hereunder.

(6) Financial Statements. Phase IIA Developer has previously delivered to Authority or made available for inspection by Authority and its representatives true and accurate financial statements with respect to Foundations, which financial statements were prepared in accordance with generally accepted accounting principles and fairly and accurately represent the financial condition of Foundations as of the date or dates thereof. No material adverse change has occurred in the financial condition of Foundations between the date or dates of such financial statements and the date hereof. At the request of Authority from time to time, Phase IIA Developer shall make available for inspection by Authority such additional financial

statements and information concerning the financial condition of Phase IIA Developer and Foundations as Authority shall reasonably request.

(7) Museum Parcel Ground Lease. Phase IIA Developer shall enter into the Museum Parcel Ground Lease with Authority immediately following execution of the Museum Parcel CRA Ground Lease by CRA and Authority.

(8) Grant Agreement. Concurrently with Phase IIA Developer's execution of the Museum Parcel Ground Lease, Phase IIA Developer shall deliver to Authority an agreement executed by The Eli and Edythe Broad Foundation whereby The Eli and Edythe Broad Foundation pledges and agrees to give and/or grant Phase IIA Developer funds at least equal to the total amount of the Museum Final Construction Budget, which funds shall be used solely for the development and construction of the Museum (the "**Grant Agreement**"). The Grant Agreement shall be subject to the reasonable approval of Authority; provided that, in any event, the Grant Agreement shall (i) remain in effect without amendment or modification (unless consented to by Authority) until the issuance of the Certificate of Completion for the Museum; and (ii) name Authority as a third party beneficiary with the right to enforce The Eli and Edythe Broad Foundation's obligations thereunder.

(9) Endowment. Phase IIA Developer shall cause one or both of the Foundations to create an endowment of at least Two Hundred Million Dollars (\$200,000,000), invested as permitted by Exhibit "H-1" attached hereto, exclusively for operating and maintaining the Museum and its art collections for the entire term of the Museum Parcel Ground Lease, as more particularly described in Exhibit "H-1" attached hereto ("**Endowment**").

(10) Obligation to Construct Museum. Phase IIA Developer shall cause the Museum to be constructed on the Museum Parcel in accordance with the applicable provisions of the Museum Parcel Ground Lease and the Amended DDA. Without limiting the generality of the foregoing, (i) Phase IIA Developer shall engage a world-class architect reasonably acceptable to Authority to design the Museum, (ii) the total budget for the design and construction of the Museum (including all hard and soft costs, which may include without limitation, all fixtures and artwork incorporated into the structure of the Museum itself, such as wall murals and attached sculptures, or otherwise built into the public spaces (i.e., non-gallery spaces open to the public) on the Museum Parcel, such as LED panels located on the sides of the Museum building) shall be at least Eighty Million Dollars (\$80,000,000), unless otherwise approved by Authority, and (iii) Phase IIA Developer shall comply with the deadlines set forth in the Museum Schedule of Performance including, without limitation, the requirement that Phase IIA Developer Commence Construction (as defined in Section 110 of the Original DDA) of the Museum no later than eighteen (18) months after the Amendment Effective Date.

(11) Foundations Guaranty. Concurrently with Phase IIA Developer's execution of this Amendment, Phase IIA Developer shall cause the Foundations to execute and deliver to Authority a guaranty in the form attached hereto as Exhibit "I-1" (the "**Foundations Guaranty**"). The Foundations Guaranty shall remain in effect for the term of the Phase IIA Ground Lease; provided, however, Authority acknowledges and agrees that, subject only to the requirement that The Eli and Edythe Broad Foundation maintain a net worth of at least Five Hundred Million Dollars (\$500,000,000) until the issuance of a Certificate of Completion for the

Museum in accordance with Article 2 of the Foundations Guaranty, The Eli and Edythe Broad Foundation may, in its sole and absolute discretion, give away all of its assets and terminate its operations prior to the end of the term of the Museum Parcel Ground Lease (whereupon The Eli and Edythe Broad Foundation and its trustees, officers, employees and agents (but only in their capacity as trustees, officers, employees or agents of The Eli and Edythe Broad Foundation) shall have no further obligation or liability under the Foundations Guaranty). For so long as the Foundations Guaranty is required to be in effect hereunder, The Broad Art Foundation shall maintain a minimum net worth of at least Five Hundred Million Dollars (\$500,000,000), which may include, without limitation, funds pertaining to the Endowment and The Broad Art Foundation's physical assets.

(12) Museum Operation. Following the issuance of a Certificate of Completion for the Museum, Phase IIA Developer (or The Broad Art Foundation pursuant to a Permitted Transfer, as hereinafter defined) shall operate the Museum on the Museum Parcel in compliance with the terms of the Museum Parcel Ground Lease and the Amended DDA including, without limitation, Exhibit "G-1" attached hereto."

7. **Phase IIA Transfer Restrictions.** Article 9 of the Original DDA is hereby amended by adding the following Section 907 at the end thereof:

"907 Phase IIA Transfer Restrictions.

(a) None of the foregoing provisions of this Article 9 (i.e., Sections 901 through 906) shall apply with respect to Phase IIA or the Phase IIA Developer, other than defined terms therein as necessary to construe this Section 907. This Section 907 shall govern with respect thereto.

(b) Phase IIA Developer represents that it is entering into this Amendment for the purposes of the redevelopment of the Phase IIA Parcels in accordance with the Amended DDA and not for speculation in land holding. Phase IIA Developer further recognizes that, in view of the importance of the redevelopment of the Development Site to the general welfare of the community, the qualifications and identity of Phase IIA Developer, and its respective principals and personnel, are of particular concern to Authority. Among such qualifications are the financial resources of Foundations and the reputation and experience of Foundations and Eli Broad. It is because of such qualifications and identity that Authority is entering into this Amendment. Therefore, no voluntary or involuntary successor-in-interest of Phase IIA Developer shall acquire any rights or powers under Amended DDA or in the Phase IIA Parcels except as specifically set forth herein.

(c) Except as permitted by sub-paragraphs (e) and (h) below, Phase IIA Developer shall not cause or permit any Transfer (as defined in the Original DDA) of the Museum or the Museum Parcel or any interest therein, or of any interest in the Amended DDA, or the Museum Parcel Ground Lease, or of any ownership interest in Phase IIA Developer, without the prior written consent of Authority, which consent may be granted or withheld in Authority's sole discretion. Phase IIA Developer shall not cause or permit any Transfer of the Phase IIA Parking Garage or the Garage Airspace Parcel, or any interest therein, without the prior written consent of Authority and the CRA, which consent may be granted or withheld in

Authority's and the CRA's sole discretion; provided, that Authority's consent shall not be required for a Transfer of the Phase IIA Parking Garage and the Garage Airspace Parcel to the CRA pursuant to the CRA Parking Facility and Museum Development Agreement. Phase IIA Developer acknowledges that the consent by Authority to a Transfer of any portion of the Phase IIA Improvements or the Phase IIA Parcels by Phase IIA Developer, except as specifically provided herein, shall be subject to Authority obtaining the prior consent to such Transfer from the CRA.

(d) At all times, the Museum Key Personnel shall continue to be the sole executive in charge of the Museum for Phase IIA Developer and in charge of Phase IIA Developer, unless and until Authority approves a change in the Museum Key Personnel in Authority's sole discretion; provided, however, that in the event of the death or disability of the Museum Key Personnel, Authority will not unreasonably withhold approval of the person selected by the board of Phase IIA Developer and approved by The Eli and Edythe Broad Foundation in accordance with the Grant Agreement to be the President of Phase IIA Developer, as the replacement Museum Key Personnel. The Museum Key Personnel must devote significant time and commitment to the Museum.

(e) Notwithstanding Section 907(c), Authority's consent shall not be required for the leasing of space in the Museum to one or more third-party operators of the Museum Shop or Museum Café; provided, however, that Phase IIA Developer shall provide Authority with copies of any such leases together with information regarding the lessee as reasonably requested by Authority.

(f) No Transfer shall operate to release or excuse Phase IIA Developer from any obligations or liability under or in connection with the Amended DDA, or any other Phase IIA Agreement.

(g) At least sixty (60) days prior to any proposed Transfer pursuant to this Section 907, Phase IIA Developer shall furnish Authority with (i) a written notice of such proposed Transfer, (ii) such information as Authority may request in its commercially reasonable discretion concerning the proposed transferee including, without limitation, certified financial statements of the proposed transferee, and (iii) a copy of the proposed assignment or other transfer document reasonably satisfactory to Authority pursuant to which the transferee assumes, for the benefit of Authority, the obligations of Phase IIA Developer arising from and after the date of Transfer applicable to the interest transferred, including the obligations of Phase IIA Developer under this Amendment and the other Phase IIA Agreements. Whether or not Authority consents to any proposed Transfer, Phase IIA Developer shall pay Authority's review and processing fees, as well as any reasonable legal fees incurred by Authority, within thirty (30) days after written request by Authority.

(h) Notwithstanding Section 907(c), following issuance of a Certificate of Completion for the Museum, Phase IIA Developer shall have the right, without Authority's consent, to Transfer some or all of Phase IIA Developer's obligations under the Amended DDA and the Museum Parcel Ground Lease and other Phase IIA Agreements (a "**Permitted Transfer**") to one or both of the Foundations, or an Affiliate of one or both of the Foundations, or an Affiliate of Mr. Eli Broad (each a "**Permitted Transferee**"); provided, however, that

Authority shall have the right to review and approve the document(s) to be executed by the Permitted Transferee and Phase IIA Developer to effectuate any such Permitted Transfer, and such approved document(s) shall not thereafter be amended without the consent of Authority. In connection with a Permitted Transfer, the Permitted Transferee shall assume, for the benefit of Authority, the transferred obligations of Phase IIA Developer arising from and after the date of the Permitted Transfer, including the transferred obligations of Phase IIA Developer under this Amendment and the other Phase IIA Agreements. Any obligations not transferred to a Permitted Transferee shall continue to be obligations of Phase IIA Developer. The Museum Parcel Ground Lease shall provide that in the event of a Permitted Transfer, Authority shall have the right to enforce the provisions of the Museum Parcel Ground Lease pertaining to the transferred obligations directly against the Permitted Transferee. Notwithstanding any Permitted Transfer, the Foundations Guaranty and the Endowment shall remain in full force and effect.”

8. **Parking Property.** The Garage Airspace Parcel will be conveyed by the CRA in fee to Phase IIA Developer as provided in the CRA Parking Facility and Museum Development Agreement, and Phase IIA Developer shall construct the Phase IIA Parking Garage on the Garage Airspace Parcel in accordance with the CRA Parking Facility and Museum Development Agreement. Pursuant to the CRA Parking Facility and Museum Development Agreement and the Put/Call Option Agreement to be entered into between the CRA and Phase IIA Developer (the “**Put/Call Agreement**”), the CRA has the right to buy (and Phase IIA Developer has the right to put to the CRA) the Parking Property from Phase IIA Developer following completion of the Phase IIA Parking Garage. If Developer complies with its obligation to ground lease the Phase II Parcels and commence development of Phase II thereon as and when required by the Original DDA (as the same may be amended, modified and/or supplemented from time to time), and if Developer desires the use of parking spaces in the Phase IIA Parking Garage in connection therewith, then the CRA shall, if it has not already done so, exercise its right under the Put/Call Agreement to acquire the Parking Property from Phase IIA Developer, and Authority shall exercise its option (the “**Authority Option**”) to lease the Parking Property from the CRA for the Parking Lease Consideration (the “**CRA/Authority Lease**”) pursuant to Article 7 of the First Amended and Restated C&F Agreement, and Authority shall in turn sublease the Parking Property to Developer for the Parking Lease Consideration (the “**Authority/Developer Parking Lease**”); provided, however, that notwithstanding the foregoing or anything to the contrary set forth herein, Authority shall have no obligation to exercise the Authority Option or enter into the CRA/Authority Lease or the Authority Developer Lease unless (i) the CRA, Authority and Developer mutually agree upon the amount of the Parking Lease Consideration, and (ii) Developer agrees to pay such agreed-upon Parking Lease Consideration to Authority and does pay such consideration to Authority concurrently with or prior to Authority’s execution and delivery of the Authority Developer Lease. Concurrently with the execution of the Authority/Developer Parking Lease, the CRA, Authority and Developer shall enter into a non-disturbance agreement, which Developer may record against the Garage Airspace Parcel at Developer’s expense, whereby the CRA shall agree that (Y) the termination of the CRA/Authority Parking Lease shall not cause a termination of the Authority/Developer Parking Lease, and (Z) the CRA shall not disturb Developer’s rights or interest in the Authority/Developer Parking Lease as a result of any such termination. If, prior to the issuance of a Certificate of Completion for the Phase IIA Parking Garage, Phase IIA Developer terminates the CRA Parking Facility and Museum Development Agreement due to a default by the CRA thereunder,

Authority and Phase IIA Developer shall work together reasonably in good faith as appropriate to renegotiate the terms related to the Phase IIA Parking Garage and the completion thereof.

9. **Developer Acknowledgements and Covenants.**

9.1 **Intentionally Omitted.**

9.2 **Retail Acquisition Fee.** Developer acknowledges that, in accordance with Section 204(C)(I)(a)(v) of the Original DDA, the Retail Improvements GLA for the original Phase II that is occupied by the Phase IIA Improvements will not be included in calculating the 40% or 25% of Retail Improvements GLA for Phase II that is exempt from the Retail Acquisition Fee under the Anchor Tenant exemption referenced in subsections (i) and (ii) of Section 204(C)(I)(a) of the Original DDA.

9.3 **Art Fees.** Exhibit "N" to the Original DDA (CRA Art Policy) states that "all private development projects with CRA financial participation must obligate at least 1% of development cost to art and adhere to the CRA's Art Policy." Developer acknowledges that pursuant to the CRA Parking Facility and Museum Development Agreement, the CRA has agreed to reimburse, or cause the reimbursement of, Phase IIA Developer for a portion of the Museum costs to the extent the CRA receives (or would have received but for the reimbursement to Phase IIA Developer) art fees from Developer in connection with Phase I, Phase II and/or Phase III of the Project, as follows: (a) with respect to Phase I, Developer will pay Phase IIA Developer, at the direction of the CRA, 20% of the 1% art fee; provided that the remaining 80% of the 1% art fee may be spent by Developer for on-site art improvements subject to an art plan approved by the CRA; (b) with respect to Phase II, Developer will pay Phase IIA Developer, at the direction of the CRA, 65% of the 1% art fee; provided that the remaining 35% of the 1% art fee may be spent by Developer for on-site art improvements subject to an art plan approved by the CRA; and (c) with respect to Phase III, Developer will pay Phase IIA Developer, at the direction of the CRA, 40% of the 1% art fee; provided that the remaining 60% of the 1% art fee may be spent by Developer for on-site art improvements subject to an art plan approved by the CRA. Developer acknowledges that any art fees paid to Phase IIA Developer as described herein will not be available for use by Developer in the Project.

9.4 **Continued Responsibility for Mitigation Measures.** Subject to the obligations of Phase IIA Developer as set forth in the Phase IIA Assignment Agreement, Developer shall remain responsible for compliance with the Project description as approved in the final EIR, the Mitigation and Monitoring Program approved as part of the certification of the EIR, and related conditions of approval adopted by the Governing Entities concurrently with approval of the Original DDA, except to the extent that such compliance is determined to have been achieved by the Phase IIA Developer. Phase IIA Developer shall be responsible for compliance with Phase IIA as described in the EIR Addendum and for performing the Mitigation and Monitoring Program and conditions determined by the agencies acting on the EIR Addendum and Phase IIA to be applicable to the Phase IIA Improvements, without limiting Phase IIA Developer's reimbursement rights under the Phase IIA Assignment Agreement and the CRA Parking Facility and Museum Development Agreement.

10. **Stimulus Funds.** Authority shall make good faith efforts to pursue federal and state

stimulus funds to assist with Museum construction costs if the Museum is eligible for any such funds. Phase IIA Developer shall cooperate in planning the Museum to facilitate the grant of federal and state stimulus funds that are available, if any.

11. **Defaults.** A default by Phase IIA Developer under the CRA Parking Facility and Museum Development Agreement with respect to which the CRA has exercised remedies against Phase IIA Developer, shall automatically constitute an Event of Default by Phase IIA Developer under the Amended DDA and there shall be no Cure Period applicable thereto. No Event of Default by Phase IIA Developer shall be deemed to be a default by Developer, and no Event of Default by Developer shall be deemed to be a default by Phase IIA Developer. Without limiting Authority's rights and remedies under Article 13 of the Original DDA, in the event of a Terminating Event (as defined in Section 1312 of the Original DDA) by Phase IIA Developer, Authority shall have the right, but not the obligation, to eliminate Phase IIA from the Project, subject to Developer's right to reinstatement as set forth in the Phase IIA Assignment Agreement.

12. **General Provisions.**

12.1 **Memorandum of DDA.** Prior to the conveyance of the Museum Parcel by the Museum Parcel Ground Lease, Authority, Developer and Phase IIA Developer shall cause to be recorded in the Official Records against the Museum Parcel, a Memorandum of DDA in the form of Exhibit "E-1" attached hereto.

12.2 **Agreement to Reimburse.** Within thirty (30) days after receipt of reasonably detailed invoices therefor, Phase IIA Developer shall reimburse, or cause to be reimbursed, Authority and The Grand Avenue Committee ("GAC") for all reasonable out-of-pocket third party legal and consulting fees (including, without limitation, fees for the legal services of Gilchrist & Rutter Professional Corporation) incurred by GAC and Authority in connection with the negotiation, drafting, review and documentation of the Phase IIA Agreements and the transactions contemplated thereby, up to an amount not to exceed \$305,000 unless agreed to in writing by Phase IIA Developer. Furthermore, in the event of a termination of the Museum Parcel Ground Lease pursuant to Section 1312 of the Original DDA, Phase IIA Developer shall reimburse Authority, the CRA and the City for all reasonable and necessary costs incurred by them in connection with the transactions described in this Amendment.

12.3 **Binding Agreement; Future Amendments.** This Amendment shall be binding upon and inure to the benefit of the parties hereto, their legal representatives, successors and permitted assigns. The parties agree that future amendments to the Amended DDA may be entered into between Authority and Phase IIA Developer (without the consent of Developer) solely with respect to Phase IIA, and between Authority and Developer (without the consent of Phase IIA Developer) solely with respect to Phase I, Phase II and/or Phase III.

12.4 **Original DDA Ratified.** Except as specifically amended or modified herein, each and every term, covenant, and condition of the Original DDA, as amended, is hereby ratified and shall remain in full force and effect.

12.5 **Counterparts.** This Amendment may be executed in one or more counterparts, and each set of duly delivered identical counterparts which includes all signatories shall be deemed to be one original document.

[Remainder of Page intentionally left blank; signatures on following pages]

IN WITNESS WHEREOF, Authority, Developer and Phase IIA Developer have caused this Amendment to be executed as of the day and year first above written.

“AUTHORITY”

THE LOS ANGELES GRAND AVENUE
AUTHORITY,
a California joint powers authority

By: _____
Name: _____
Title: _____

APPROVED AS TO FORM:

Carmen A. Trutanich
City Attorney

By: _____
Timothy J. Chung
Deputy City Attorney

APPROVED AS TO FORM:

Andrea Sheridan Ordin
County Counsel

By: _____
Helen S. Parker
Principal Deputy County Counsel

“DEVELOPER”

GRAND AVENUE L.A., LLC,
a Delaware limited liability company

By: RELATED GRAND AVENUE, LLC,
a Delaware limited liability company,
its Manager

By: THE RELATED COMPANIES, L.P.,
a New York limited partnership,
its Managing Member

By: The Related Realty Group, Inc.,
a Delaware corporation,
its sole General Partner

By: _____
Name: _____
Title: _____

[signatures continued on following page]

[signatures continued from preceding page]

“PHASE IIA DEVELOPER”

THE BROAD COLLECTION,
a California nonprofit public benefit corporation

By: _____
Name: Eli Broad
Title: President

The undersigned hereby consents to and approves of the foregoing Amendment to Disposition and Development Agreement.

Dated: _____, 2010

CRA:

THE COMMUNITY REDEVELOPMENT
AGENCY OF THE CITY OF LOS ANGELES,
a public body, corporate and politic

By: _____
Christine Essel
Its: Chief Executive Officer

APPROVED AS TO FORM:
Carmen Trutanich, City Attorney

By: _____
CRA/LA General Counsel

EXHIBIT "A-1"

LEGAL DESCRIPTION OF PHASE IIA PARCELS

Museum Parcel Description:

A volume of airspace immediately above and adjacent to the upper elevation of the Garage Airspace Parcel (which averages approximately 385.5 feet above sea level), extending upwards to a maximum elevation of 95 feet above the average elevation of Upper Grand Avenue and bounded by the same horizontal boundaries as the Garage Airspace Parcel. The exact legal description for the Museum Parcel will be completed by Phase IIA Developer and submitted to Authority for approval once the Museum is designed and prior to the issuance of the first building permit for the Museum by the City of Los Angeles. The final legal description, as approved by Authority, will be attached as an exhibit to the Museum Parcel Ground Lease.

Garage Airspace Parcel Description: Starts on next page.

2 LEGAL DESCRIPTION

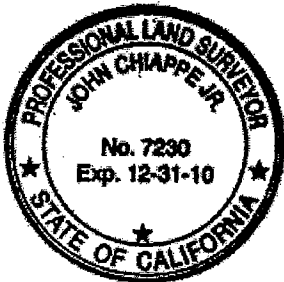
3 GARAGE PARCEL

4 A volume of airspace 75.00 feet high, within a portion of Master Parcel B and Airspace Parcel C
5 of Parcel Map L.A. No. 2006-4125, in the City of Los Angeles, County of Los Angeles, State of
6 California, as per map filed in Book 357, Pages 71 through 76, inclusive of Parcel Maps, Records
7 of said County, said volume having an upper elevation of 385.50 feet and horizontally bounded
8 as follows:

9
10 Northeasterly, by the northeasterly line of said Master Parcel B;
11 Southeasterly, by the southeasterly line of said Master Parcel B;
12 Southwesterly, by the southwesterly line of said Master Parcel B;
13 Northwesterly, by a line parallel with and 200.00 feet northwesterly of said southeasterly line of
14 Master Parcel B shown as having a bearing and distance of "North 37°45'01" East 174.07 feet"
15 and its northeasterly prolongation to said northeasterly line.

16
17 Said elevations are based upon National Geodetic Survey Benchmark C 1296 (PID EW6906),
18 having an elevation of 295.40 feet (June 1995 adjustment, North American Vertical Datum
19 1988), described as follows: an NGS brass disk stamped "C 1296 1977", encased in 4 inch PVC
20 pipe with cap in lawn lying 214 feet northeast from centerline intersection of Spring Street and
21 First Street and 54 feet southeast of centerline of Spring Street.

22
23 This Legal Description is described on the accompanying "Exhibit "B" - Legal Description
24 Map", is made a part hereof for reference purposes and was prepared as a convenience and is not
25 intended for the use in the division and/or conveyance of land in violation of the Subdivision
26 Map Act of the State of California.



A handwritten signature in black ink, appearing to read "John Chiappe Jr.", written over a horizontal line.

John Chiappe Jr., PLS 7230

PSOMAS

Date: 7/6/2010

Sheet 1 of 2

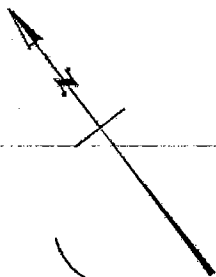
w:\elfi020100\survey\legals\lg01_garage.doc
July 6, 2010
JDC:drh

SCALE: 1" = 50'

SHEET 2 OF 2 SHEETS

EXHIBIT "B" LEGAL DESCRIPTION MAP

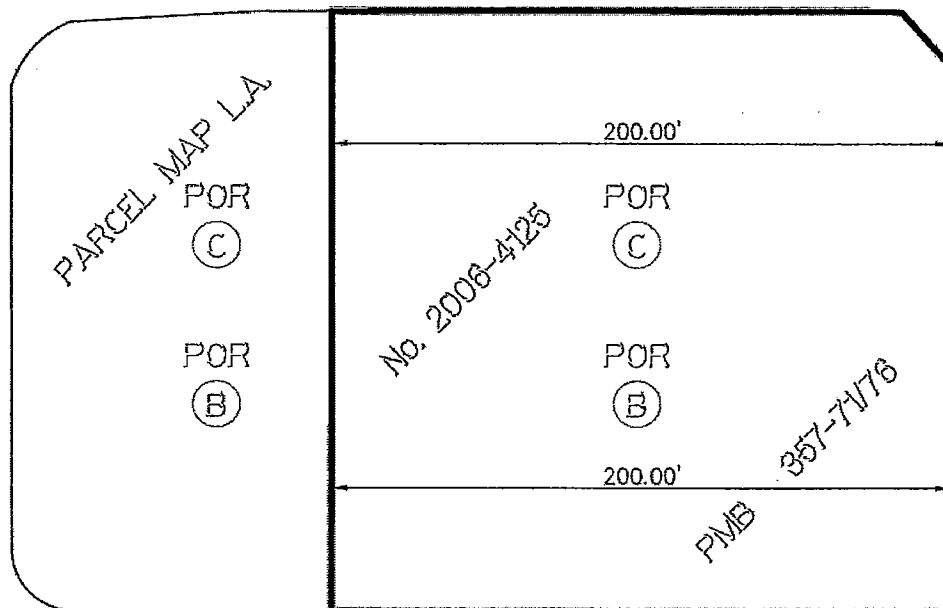
IN THE CITY OF LOS ANGELES
COUNTY OF LOS ANGELES, STATE OF CALIFORNIA



BENCHMARK: NATIONAL GEODETIC SURVEY BENCHMARK C 1296 (PID EW6906),
ELEVATION = 295.40 FEET (JUNE 1995 ADJUSTMENT, NORTH AMERICAN VERTICAL
DATUM 1988), DESCRIBED AS FOLLOWS: AN NGS BRASS DISK STAMPED "C 1296
1977", ENCASED IN 4 INCH PVC PIPE WITH CAP IN LAWN LYING 214 FEET
NORTHEAST FROM CENTERLINE INTERSECTION OF SPRING STREET AND FIRST
STREET AND 54 FEET SOUTHEAST OF CENTERLINE OF SPRING STREET.

SECOND STREET

HOPE STREET



ELEV =
385.50'

GENERAL THADDEUS KOSCIUSZKO WAY

[C-307] (X-301)

60' 30' 0' 60'

GRAPHIC SCALE

1" = 60'

DATE: 07/06/10 REVISED ON:
JOB No: 1ELI020100 TASK 103

Plotted: 07/06/10 07:07:10 W:\ELI020100\SURVEY\LEGALS\PL-1LGL01.DWG jchlappe

Broad Museum

PL-1LGL01

PSOMAS

555 South Flower Street, Suite 4400
Los Angeles, CA 90071
(213)223-1400 (213)223-1444 (FAX)

EXHIBIT "B-1"

AMENDMENT TO SCOPE OF DEVELOPMENT

1. A cultural use may be substituted for some of the retail indicated on the original Phase II along Grand Avenue, notwithstanding the omission of the "cultural/retail" designation from Phase II in the original "Attachment 2 to Exhibit A" which is attached to the Scope of Development attached to the Original DDA. Exhibit "D-1" to the First Amendment to Disposition and Development Agreement to which this Exhibit "B-1" is attached shows the configuration of the Phase II Improvements and the Phase IIA Improvements on Parcels L and M-2.

2. Part IIIF (Design Guidelines – Building Setbacks) of the Scope of Development is hereby amended by the addition of the following sentence at the end thereof:

"Notwithstanding the foregoing provisions of this Section F, the required setback of 24 feet with respect to buildings located on Parcels L and M-2 may be satisfied either by (i) an average setback from Grand Avenue of approximately 24 feet over both of Parcels L and M-2, including the plaza over GTK Way, or (ii) otherwise designing the Museum in order to further the Downtown Design Guidelines' goal of creating welcoming, expansive frontage on Grand Avenue and provide for an open to-the-public, visible and accessible Museum, for example by providing at least 7,000 square feet of publicly accessible space immediately inside the Museum building and visible from Grand Avenue."

3. Part II(B) (Phase II (Parcels L and M-2)) of the Scope of Development is hereby amended and restated in its entirety to provide as follows:

"The Phase II and Phase IIA portions of the Project will include development of housing, retail and a museum on Bunker Hill Redevelopment Parcels L and M-2, and the airspace over GTK Way between Parcels L and M-2. The Phase IIA improvements will include a museum of up to 120,000 square feet and a parking garage of containing approximately 290 parking spaces. The Phase II improvements will include up to 790 "for sale" condominiums or rental units, 20% of which (or approximately 158) will be Affordable Housing Units. The housing units would be located in the high-rise towers connected by a plaza (vacated airspace over GTK Way). Certain retail improvements, consisting of up to 19,422 square feet, will be constructed on Grand Avenue as part of Phase II. Phase II and Phase IIA collectively will provide approximately 1,366 parking spaces for residential owners, renters and visitors, public parking for retail users, and parking for employees and visitors of the museum. Additional Grand Avenue Streetscape and public improvements will also be included. As previously described, the retail program in Phase II may be increased pursuant to the Equivalency Program.

PHASE II and PHASE IIA – PARCELS L AND M-2		
Projected Program	Example SF	Example Units/Spaces
Retail	19,422	N/A
Residential	790,908	790
<i>Market Rate</i>		632
<i>Affordable</i>		158
Museum	120,000	
Parking*		1,366
<i>Phase IIA</i>		290
<i>Phase II</i>		1,076
Phase II Totals	930,330	

*Approximate number of parking spaces

The Phase II Improvements shall consist of a minimum of 730,000 square feet of Floor Area. Development of Phase IIA may proceed independently of the development of Phase II, and development of Phase II may proceed independently of the development of Phase IIA.”

EXHIBIT “C-1”

MUSEUM SCHEDULE OF PERFORMANCE

(Note: All Project Documents submitted hereunder shall also include the Grand Avenue Streetscape to be constructed in front of the Museum).

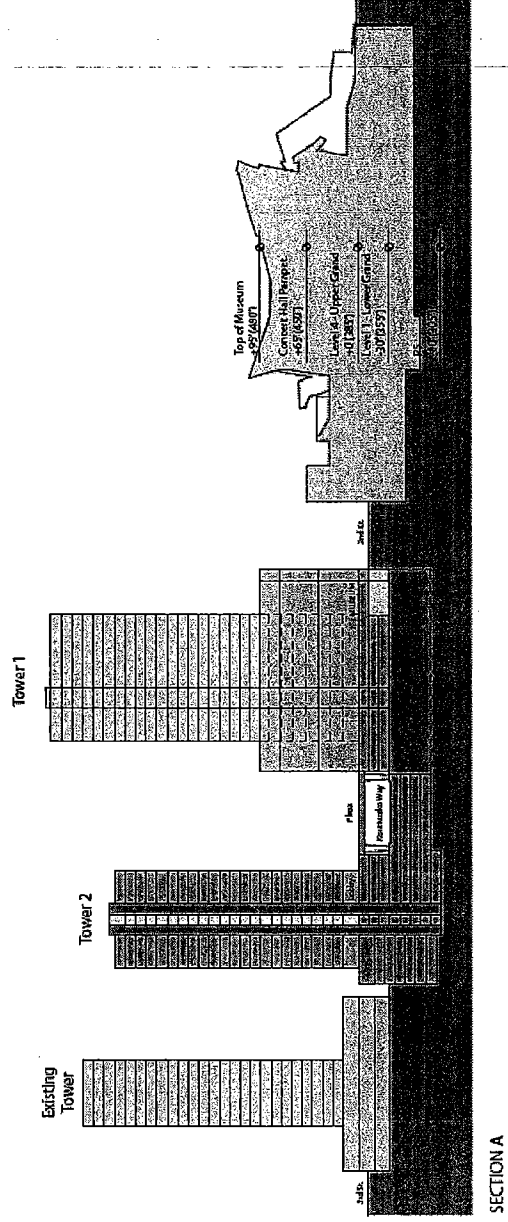
<u>Submission – Schematic Design Drawings.</u> Phase IIA Developer shall prepare and submit to Authority its Schematic Design Drawings for the Museum.	Within one hundred eighty (180) days following the Amendment Effective Date.
<u>Review and Approval – Schematic Design Drawings.</u> Authority, CRA and the County shall review and approve or disapprove the Schematic Design Drawings as provided in Section 405 of the Original DDA.	Within sixty (60) days after receipt of the Schematic Design Drawings by Authority.
<u>Submission – Design Development Drawings and Preliminary Landscape Plans.</u> Phase IIA Developer shall prepare and submit to Authority Design Development Drawings and Preliminary Landscape Plans for the Museum.	Within one hundred twenty (120) days after receipt of Authority approval of the Schematic Design Drawings.
<u>Review and Approval- Design Development Drawings.</u> Authority shall review and approve or disapprove the Design Development Drawings and Preliminary Landscape Plans as provided in Section 405 of the Original DDA.	Within forty-five (45) days after receipt of the submission by Authority.
<u>Submission – 80% Construction Documents and Final Landscape Plans.</u> Phase IIA Developer shall submit 80% Construction Documents (80% complete set of plans and specifications sufficient for issuance of building permits) and Final Landscape Plans for the Museum.	Within one hundred eighty (180) days after Phase IIA Developer’s submittal of Design Development Drawings.
<u>Review and Approval – 80% Construction Documents and Landscape Plans.</u> Authority shall review and approve or disapprove the 80% Construction Documents and Landscape Plans as provided in Section 405 of the Original DDA.	Within forty-five (45) days after receipt by Authority.

The parties acknowledge that Phase IIA Developer may proceed with demolition, foundation and grading activities in accordance with City-issued permits, prior to the approval by Authority of 80% Construction Documents for the Museum.	
<u>Orientation.</u> Phase IIA Developer shall coordinate a preconstruction orientation meeting with Phase IIA Developer's general contractors and Authority.	Prior to commencement of grading activities in connection with the Museum.
<u>Submission – Final Construction Documents.</u> Phase IIA Developer shall submit Final Construction Documents for the Museum.	Within sixty (60) days after Phase IIA Developer's submittal of the 80% Construction Documents for the Museum.
<u>Review and Approval – Final Construction Documents.</u> Authority shall review and approve or disapprove the Final Construction Documents.	Within forty-five (45) days after receipt by Authority.
<u>Submission - Proposed Construction Budget.</u> Phase IIA Developer shall provide Authority with a proposed construction budget pursuant to Section 408(2) of the Original DDA with respect to the Museum.	Within thirty (30) days after Authority approval of Final Construction Documents for the Museum.
<u>Review and Approval - Final Construction Budget.</u> Authority shall approve or disapprove, as set forth in Section 408(2), the proposed construction budget for the Museum, which shall then become the Museum Final Construction Budget.	Within forty-five (45) days after receipt by Authority.
<u>Commencement of Construction.</u> The Commencement of Construction of the Museum shall have occurred.	Within eighteen (18) months after the Amendment Effective Date.
<u>Completion of Construction.</u> Phase IIA Developer shall submit a certificate of substantial completion from Phase IIA Developer's Architect with respect to the Museum.	Within thirty-six (36) months after the Commencement of Construction of the Museum.

<p><u>Final Inspection.</u> Authority shall conduct a final inspection of the Museum.</p>	<p>Within forty-five (45) days after request by Phase IIA Developer.</p>
<p><u>Issuance of Authority Certificate of Completion.</u> Authority shall issue in recordable form the Certificate of Completion with respect to the Museum.</p>	<p>Within forty-five (45) days after receipt by Authority of Phase IIA Developer's written request, provided all requirements for issuance have been satisfied.</p>
<p><u>Architect's Assignment.</u> Phase IIA Developer shall execute and deliver the Architect's Assignment required by Section 405 of the Original DDA with respect to the Museum to Authority and the CRA.</p> <p>Notwithstanding the foregoing, Phase IIA Developer shall not be in breach of its obligations hereunder if Phase IIA Developer is unable to comply with the provisions of this Paragraph due to Phase IIA Developer's contractual obligations with Phase IIA Developer's Architect.</p>	<p>Within thirty (30) days after the issuance of the final Certificate of Occupancy for the Museum by the City of Los Angeles.</p>

EXHIBIT 'D-1'

MUSEUM CONCEPT DESIGN DRAWINGS



NOTE
Building heights for illustrative
purposes only.

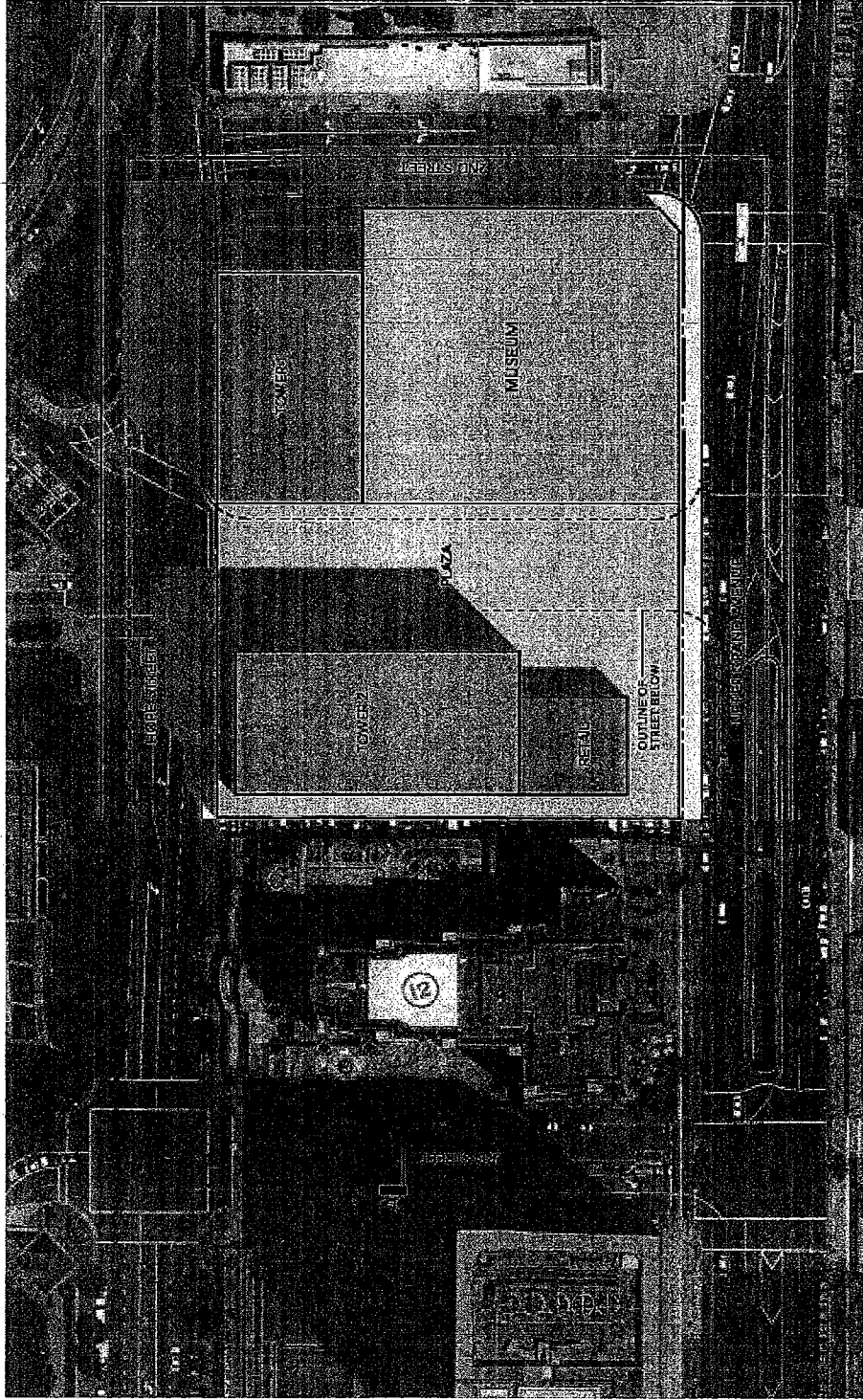
LEGEND

- Museum
- Museum Support
- Retail
- Lobby
- Residential
- Residential Support
- Parking

GRAND AVENUE phase II site conceptual study

FLOOR PLAN - LEVEL 4 - UPPER GRAND AVENUE

ZGF
03_16_2010



SUMMARY - LEVEL 4

Retail	644 sf
Museum	40,000 sf
Residential	25,800 sf

EXHIBIT "E-1"

FORM OF MEMORANDUM OF AMENDED DDA

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

The Los Angeles Grand Avenue Authority
c/o California Community Foundation
445 South Figueroa Street, Suite 3400
Los Angeles, CA 90071-1638

(Space Above For Recorder's Use)

**MEMORANDUM OF AMENDED DISPOSITION AND DEVELOPMENT
AGREEMENT**

THIS MEMORANDUM OF AMENDED DISPOSITION AND DEVELOPMENT AGREEMENT ("**Memorandum**") dated as of _____, 200_ is entered into by and among THE LOS ANGELES GRAND AVENUE AUTHORITY, a California joint powers authority ("**Authority**"), GRAND AVENUE L.A., LLC, a Delaware limited liability company ("**Developer**"), and THE BROAD COLLECTION, a California nonprofit public benefit corporation ("**Phase IIA Developer**").

WHEREAS, Authority and Developer are parties to that certain Disposition and Development Agreement (Grand Avenue) dated as of March 5, 2007, a Memorandum of which was recorded July 6, 2007 in the Official Records of Los Angeles County, California as Instrument Number 20071611469 (the "**Original DDA**").

WHEREAS, Authority, Developer and Phase IIA Developer have entered into that certain First Amendment to Disposition and Development Agreement (Grand Avenue) dated as of [_____, 2010] (the "**DDA Amendment**"). The Original DDA and the DDA Amendment are collectively referred to herein as the "**Amended DDA**." The DDA Amendment concerns, among other things, certain real property (which is a part of the real property covered by the Original DDA) to be developed by Phase IIA Developer as more particularly described on Exhibit "1" attached hereto (the "**Phase IIA Parcels**").

WHEREAS, the terms, provisions and covenants of the Amended DDA are incorporated herein by reference, and the Amended DDA and this Memorandum shall be deemed to constitute a single instrument or document.

WHEREAS, this Memorandum is prepared for recordation purposes only, and it in no way modifies the terms, conditions, provisions and covenants of the Amended DDA. In the event of any inconsistency between the terms, conditions, provisions and covenants of this Memorandum of DDA and the Amended DDA, the terms, conditions and covenants of the Amended DDA shall prevail.

NOW, THEREFORE, Authority, Developer and Phase IIA Developer have caused this Memorandum to be executed and recorded in the Official Records of Los Angeles County to provide constructive notice of the Amended DDA.

“AUTHORITY”

THE LOS ANGELES GRAND AVENUE
AUTHORITY,
a California joint powers authority

By: _____
Name: _____
Title: _____

APPROVED AS TO FORM:

Carmen A. Trutanich
City Attorney

By: _____
Timothy J. Chung
Deputy City Attorney

APPROVED AS TO FORM:

Andrea Sheridan Ordin
County Counsel

By: _____
Helen S. Parker
Principal Deputy County Counsel

“DEVELOPER”

GRAND AVENUE L.A., LLC,
a Delaware limited liability company

By: RELATED GRAND AVENUE, LLC,
a Delaware limited liability company,
its Manager

By: THE RELATED COMPANIES, L.P.,
a New York limited partnership,
its Managing Member

By: The Related Realty Group, Inc.,
a Delaware corporation,
its sole General Partner

By: _____
Name: _____
Title: _____

“PHASE IIA DEVELOPER”

THE BROAD COLLECTION,
a California nonprofit public benefit corporation

By: _____

Name: Eli Broad

Title: President

STATE OF CALIFORNIA

)

) ss.

COUNTY OF

)

On _____, before me, _____, a Notary Public,
personally appeared _____, who proved to me on the basis of
satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within
instrument, and acknowledged to me that he/she/they executed the same in his/her/their
authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or
the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the
foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

(Seal)

STATE OF CALIFORNIA

)

) ss.

COUNTY OF

)

On _____, before me, _____, a Notary Public,
personally appeared _____, who proved to me on the basis of
satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within
instrument, and acknowledged to me that he/she/they executed the same in his/her/their
authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or
the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the
foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

(Seal)

STATE OF CALIFORNIA)
) ss.
COUNTY OF)

On _____, before me, _____, a Notary Public,
personally appeared _____, who proved to me on the basis of
satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within _____
instrument, and acknowledged to me that he/she/they executed the same in his/her/their
authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or
the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature_____

(Seal)

STATE OF CALIFORNIA)
) ss.
COUNTY OF)

On _____, before me, _____, a Notary Public,
personally appeared _____, who proved to me on the basis of
satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within
instrument, and acknowledged to me that he/she/they executed the same in his/her/their
authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or
the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

(Seal)

STATE OF CALIFORNIA

)

) ss.

COUNTY OF

)

On _____, before me, _____, a Notary Public,
personally appeared _____, who proved to me on the basis of
satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within
instrument, and acknowledged to me that he/she/they executed the same in his/her/their
authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or
the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the
foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

(Seal)

EXHIBIT "F-1"

FORM OF NON-DISTURBANCE AGREEMENT

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

The Broad Collection
10900 Wilshire Boulevard, 12th Floor
Los Angeles, CA 90024
Attn.: Deborah Kanter, Esq.

Space above line for recorder's use only

NON-DISTURBANCE AGREEMENT

THIS NON-DISTURBANCE AGREEMENT ("**Agreement**") is entered into as of [_____, 2010] by and between the COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, CALIFORNIA, a public body corporate and politic (with its successors and assigns to and of its interests in the Authority Museum Parcel Ground Lease described below, "**CRA**"), THE LOS ANGELES GRAND AVENUE AUTHORITY, a California joint powers authority (with its successors and assigns to and of its interests in the Authority Museum Parcel Ground Lease and the Phase IIA Developer Lease described below, "**Authority**") and THE BROAD COLLECTION, a California nonprofit public benefit corporation (with its permitted successors and assigns to and of its interest in the Phase IIA Developer Lease described below, "**Phase IIA Developer**"). Each of CRA, Authority and Phase IIA Developer are referred to in this Agreement individually as a "**Party**" and collectively as the "**Parties**."

RECITALS

A. The County of Los Angeles and CRA entered into that certain Joint Exercise of Powers Agreement dated September 2, 2003, as amended ("**JPA**") concerning the development of certain real property adjacent to the Los Angeles downtown Civic Center and Music Center and more particularly described in the JPA.

B. To fulfill the purposes of the JPA, Authority and Grand Avenue L.A., LLC, a Delaware limited liability company ("**Developer**") entered into that certain Disposition and Development Agreement dated March 5, 2007 ("**Original DDA**"). Authority, Developer and Phase IIA Developer amended the Original DDA pursuant to that certain First Amendment to Disposition and Development Agreement dated [_____,] 2010 (the "**DDA Amendment**"), which incorporates Phase IIA (as defined in the DDA Amendment) into the DDA as more

particularly set forth in the DDA Amendment. The Original DDA and the DDA Amendment are collectively referred to herein as the “**Amended DDA.**”

C. CRA is the fee owner of that certain real property located in the City of Los Angeles, Los Angeles County, California that is referred to in the DDA Amendment as the “Museum Parcel,” and more particularly described on Exhibit “A” attached hereto and incorporated herein by this reference (the “**Premises**”).

D. In furtherance of the JPA and Amended DDA, CRA and Authority have entered into that certain Ground Lease dated of even date herewith (the “**Authority Museum Parcel Ground Lease**”), pursuant to which CRA has leased to Authority, and Authority has leased from CRA, the Premises for a term of ninety-nine (99) years, commencing on the same Commencement Date as set forth in the Phase IIA Developer Lease. Concurrent or substantially concurrent herewith, CRA and Authority have caused to be recorded in the Official Records of Los Angeles County, California a Memorandum of Lease with respect to the Authority Museum Parcel Ground Lease.

E. In furtherance of the JPA and Amended DDA, Authority and Phase IIA Developer have entered into that certain Ground Lease dated of even date herewith (the “**Phase IIA Developer Lease**”), pursuant to which Authority has subleased to Developer, and Developer has subleased from Authority, the Premises for a term of ninety-nine (99) years less one (1) day, commencing on the Commencement Date as defined therein (the “**Developer Lease Term**”). Concurrent or substantially concurrent herewith, Authority and Phase IIA Developer have caused to be recorded in the Official Records of Los Angeles County, California a Memorandum of Lease with respect to the Phase IIA Developer Lease. The Authority Museum Parcel Ground Lease and the Phase IIA Developer Lease are referred to herein as the “**Ground Leases.**”

F. The Parties desire to enter into this Agreement to confirm that Phase IIA Developer’s interest as sublessee under the Phase IIA Developer Lease will not be terminated or otherwise disturbed as a result of the termination of the Authority Museum Parcel Ground Lease.

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Non-Disturbance and Attornment as to Phase IIA Developer Lease. No termination of the Authority Museum Parcel Ground Lease shall cause a termination of the Phase IIA Developer Lease, nor shall CRA disturb Phase IIA Developer’s rights or interests in or to the Phase IIA Developer Lease or in or to the Premises, as a result of any termination of the Authority Museum Parcel Ground Lease. In the event of any termination of the Authority Museum Parcel Ground Lease, the CRA shall recognize the rights and interests of Phase IIA Developer under the Phase IIA Developer Lease for the remaining portion of the Developer Lease Term. In such case, the Phase IIA Developer Lease shall continue in effect as a direct lease between CRA, as lessor, and Phase IIA Developer, as lessee, and Phase IIA Developer, as lessee, shall attorn to CRA, as lessor, under the Phase IIA Developer Lease. Such attornment

shall be self-operative without the necessity of the execution of any additional documentation; provided, however, that at the request of either CRA or Phase IIA Developer, such Parties shall execute any confirming instrument reasonably requested by either Party to acknowledge the attornment in accordance with the terms and provisions of this Agreement. The continued effectiveness of the Phase IIA Developer Lease shall be (a) subject to the terms and provisions of this Agreement, (b) limited to the remaining Developer Lease Term, and (c) subject to all terms and provisions of the Phase IIA Developer Lease, including without limitation, any term or provision of the Phase IIA Developer Lease that provides for the expiration or termination of the Phase IIA Developer Lease on its own accord. Notwithstanding any contrary provision of this Agreement, CRA shall not be:

1.1 liable for any act or omission of Authority, or obligated to cure any then-existing breach or default by Authority, under the Phase IIA Developer Lease;

1.2 subject to any offsets, defenses or claims which Phase IIA Developer may have against Authority;

1.3 liable to Phase IIA Developer for any security deposit paid to Authority, except to the extent that such security deposit has been transferred to CRA;

1.4 bound by or required to recognize any rent or other amount that Phase IIA Developer may have paid to Authority more than thirty (30) days in advance of the date such rent or other payment was due under the Phase IIA Developer Lease, but for purposes of clarification, not including the Museum Parcel Leasehold Acquisition Fee; or

1.5 bound by any amendment or modification of the Phase IIA Developer Lease made without the express prior written consent of CRA.

2. Notices. All notices under this Agreement to a Party shall be made or given in accordance with the notice provisions set forth in the Ground Leases.

3. Miscellaneous. This Agreement shall inure to the benefit of, and be binding upon, the Parties hereto and their respective permitted successors and assigns. This Agreement shall be governed by and interpreted in accordance with the laws of the State of California. This Agreement may not be amended or modified, except in writing signed by all Parties to be bound by such amendment or modification. In the event of any action, proceeding or arbitration arising out of or in connection with this Agreement, whether or not pursued to judgment, the prevailing Party shall be entitled, in addition to all other relief, to recover its costs and reasonable attorneys' fees, including all fees, costs and expenses incurred in executing, perfecting, enforcing and collecting any judgment. This Agreement may be executed in any number of counterparts, each of which shall constitute an original and all of which, when taken together, shall constitute one fully-executed instrument.

SIGNATURES ON FOLLOWING PAGE

IN WITNESS WHEREOF, the Parties have entered into this Agreement as of the date first set forth above.

“CRA”

COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF LOS ANGELES, CALIFORNIA,
a public body corporate and politic

By: _____
Chief Executive Officer

APPROVED AS TO FORM:

Carmen A. Trutanich
City Attorney

By: _____
Timothy J. Chung
Deputy City Attorney

“AUTHORITY”

THE LOS ANGELES GRAND AVENUE
AUTHORITY,
a California joint powers authority

By: _____
Name: _____
Title: _____

APPROVED AS TO FORM:

Carmen A. Trutanich
City Attorney

By: _____
Timothy J. Chung
Deputy City Attorney

APPROVED AS TO FORM:

Andrea Sheridan Ordin
County Counsel

By: _____
Helen S. Parker
Principal Deputy County Counsel

“PHASE IIA DEVELOPER:”

THE BROAD COLLECTION,
a California nonprofit public benefit corporation

By: _____

Name: Eli Broad

Title: President

STATE OF CALIFORNIA)

) ss.

COUNTY OF)

On _____, before me, _____, a Notary Public,
personally appeared _____, who proved to me on the basis of
satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within
instrument, and acknowledged to me that he/she/they executed the same in his/her/their
authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or
the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the
foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

(Seal)

STATE OF CALIFORNIA)

) ss.

COUNTY OF)

On _____, before me, _____, a Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument, and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

(Seal)

STATE OF CALIFORNIA)
) ss.
COUNTY OF)

On _____, before me, _____, a Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument, and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

(Seal)

EXHIBIT A TO NON-DISTURBANCE AGREEMENT

LEGAL DESCRIPTION OF THE PREMISES

To be attached.

EXHIBIT "G-1"

MUSEUM OPERATING COVENANTS

1. Operating Covenants.

A. For the term of the Museum Parcel Ground Lease, Phase IIA Developer covenants that it will (either acting itself, or through an assignment to or lease and operating agreement with The Broad Art Foundation):

(a) continuously operate and maintain the Museum in accordance with the permitted uses under Section 2 below;

(b) establish and maintain the Endowment as required by Exhibit "H-1" to the First Amendment to Disposition and Development Agreement to which this Exhibit "G-1" is attached;

(c) cause the Museum to be open to the public at least thirty (30) hours during at least five (5) days each week, at times similar to the times the Museum Of Contemporary Art (MOCA) on Grand Avenue is open to the public; provided, however, that the specific days and times the Museum is open to the public will be determined by the Phase IIA Developer, according to the Phase IIA Developer's good faith judgment regarding the optimal hours for promoting maximum attendance and operational efficiency;

(d) charge reasonable rates of admission that are in keeping with the admission rates charged by the majority of other similar museums in the region, including the rates charged from time to time by MOCA, the Los Angeles County Museum of Art, the Hammer Museum and the Norton Simon Museum; provided, however, that school-organized student groups shall always be granted free admission;

(e) every year during the term of the Museum Parcel Ground Lease, deliver a copy of the Form 990-PF (or if such form no longer exists, the equivalent tax form for 501(c)(3) organizations) filed with the Internal Revenue Service with respect to Phase IIA Developer and The Broad Art Foundation, to the CRA and Authority within thirty (30) days of the filing of such forms with the Internal Revenue Service;

(f) during the lifetime of Eli Broad, ensure that the board of directors of Phase IIA Developer and the advisory Board of Governors of The Broad Art Foundation always include at least one member who does not receive compensation from Phase IIA Developer, The Broad Art Foundation, The Eli and Edythe Broad Foundation or Eli Broad (hereinafter, an **"Independent Member"**); after the death or disability of Eli Broad, ensure that the board of trustees of The Broad Art Foundation also includes at least one Independent Member;

(g) employ at all times a skilled and qualified museum director and competent curatorial, technical and security staff, comparable in training and qualifications to the staff employed for such purposes at MOCA, the Norton Simon Museum, the Hammer Museum, the Los Angeles County Museum of Art and other similar major public museums, and otherwise

meeting high professional standards in the museum field. Phase IIA Developer shall support and implement the museum exhibitions and programs in a manner meeting high professional standards in the museum field; and

(h) use good faith efforts to collaborate with Los Angeles area schools, colleges and universities through means such as hosting school group visits to the exhibition space and archives and providing reasonable access to the collections for workshops, lectures and study for students, educators and art professionals, as determined in the good faith discretion of The Broad Art Foundation's professional staff.

B. Subsection A(c) of this Article 1 shall not be operative, and Phase IIA Developer shall not be in default of the Amended DDA or the Museum Parcel Ground Lease for a failure to observe the operating covenants required thereby (i) while Phase IIA Developer is making, with reasonable diligence, restorations permitted by the Museum Parcel Ground Lease, if those restorations reasonably cause the Museum to be closed; (ii) while there is any reasonable temporary cessation of the operation of the Museum due to changing exhibitions, making alterations or repairs, or such other reasonable interruptions as may be incidental to the operation of the Museum; (iii) during any period when any significant construction is undertaken within 100 feet of the Museum building, if said construction causes inconvenience or discomfort to Phase IIA Developer's patrons while they are visiting the Museum, so long as Phase IIA Developer shall use its reasonable good faith efforts to observe said required hours of operation; or (iv) due to force majeure events or for other reasonable cause outside Phase IIA Developer's control.

C. If compliance with any of the provisions of Section 1(A) causes an unreasonable burden on Phase IIA Developer, then Authority will in good faith consider Phase IIA Developer's recommendations regarding any alternative provisions to those contained in Section 1(A) to the end that Phase IIA Developer may continue to operate in the public interest. For example, if economic conditions in the region decline such that other similar museums are open fewer than thirty (30) hours per week, and if the Museum is adversely affected by such economic conditions, then Authority will agree that the Museum may be open to the public for such fewer hours as is consistent with the practice of other similar museums.

D. The Foundations Guaranty (as defined in Sub-paragraph 6(11) to the First Amendment to Disposition and Development Agreement to which this Exhibit "G-1" is attached) shall remain in effect throughout the term of the Museum Parcel Ground Lease; provided, however, Authority acknowledges and agrees that, subject only to the requirement that The Eli and Edythe Broad Foundation maintain a net worth of at least Five Hundred Million Dollars (\$500,000,000) until the issuance of a Certificate of Completion for the Museum in accordance with Article 2 of the Foundations Guaranty, The Eli and Edythe Broad Foundation may, in its sole and absolute discretion, give away all of its assets and terminate its operations prior to the end of the term of the Museum Parcel Ground Lease (whereupon The Eli and Edythe Broad Foundation and its trustees, officers, employees and agents (but only in their capacity as trustees, officers, employees or agents of The Eli and Edythe Broad Foundation) shall have no further obligation or liability under the Foundations Guaranty).

2. Use.

2.1 Use Restrictions.

(a) The Museum Parcel shall be used only for the purposes of: (i) operating and maintaining a nonprofit, art museum of "world class" stature, together with such limited related uses as may be necessary or appropriate to the operation of such a Museum. Such uses shall include a retail establishment for the sale of publications, souvenirs, and educational, art and other objects ("**Museum Shop**"), and may also include a facility for the sale of food and/or beverages ("**Museum Café**"), both as further described herein; and (ii) serving as the international headquarters of The Broad Art Foundation's worldwide lending program.

(b) In no event shall more than 15,000 square feet of the Museum be used as office space, nor shall more than 48,000 square feet of the Museum be used for archive/storage space. Any requests for changes to the aforesaid square footage limitations shall be subject to the reasonable approval of Authority.

(c) Phase IIA Developer shall, throughout the term of the Museum Parcel Ground Lease, operate and maintain the Museum Parcel and all improvements thereon with the goal of making the Permanent Collection (as hereinafter defined) available to the general public.

(d) Nothing in the Museum Parcel Ground Lease shall prohibit Phase IIA Developer from conducting benefits, fund-raising events, previews, receptions and other similar activities where admission is restricted as long as the Phase IIA Developer substantially complies with the other provisions of the Phase IIA Ground Lease.

(e) Phase IIA Developer shall use and occupy the Museum Parcel and all improvements thereon in a lawful manner and shall comply with, and shall maintain the Museum Parcel and all improvements thereon or any portion thereof in compliance with, all laws and governmental requirements applicable thereto and to the use thereof.

(f) The Museum shall serve as the home and showcase of the art collections of The Broad Art Foundation, and shall continually maintain a selection of works from such world class art collection on public display in the gallery spaces. The permanent collection of the Museum shall be comprised of those works of art owned by The Broad Art Foundation as of the date of the DDA Amendment (the "**Permanent Collection**"); provided, however, that The Broad Art Foundation shall be entitled, in the good faith curatorial discretion of The Broad Art Foundation's professional staff, to (i) acquire additional works of art for the Permanent Collection, (ii) donate certain works from the Permanent Collection to other charitable cultural institutions, and (iii) sell works of art from the Permanent Collection, but only so long as The Broad Art Foundation sells such works according to principles consistent with deaccessioning principles adopted by other similar museums, whereby such sales would be for the purpose of refining and improving the quality of the Permanent Collection and all proceeds from the sales would be used to acquire other works of art for the Permanent Collection of a similar or higher quality, as determined in the good faith curatorial discretion of The Broad Art Foundation's professional staff. Nothing in the Museum Parcel Ground Lease shall prohibit the Museum from exhibiting other works of contemporary art or The Broad Art Foundation from lending works of

art from the Permanent Collection to other institutions as part of its world-wide lending program, in the good faith curatorial discretion of The Broad Art Foundation's professional staff. Works from the personal art collection of Eli and Edythe Broad shall be loaned to the Museum from time to time as determined by Eli and Edythe Broad in their discretion.

2.2 **Museum Café.** Phase IIA Developer may operate a Museum Café on the Museum Parcel in order to offer food and beverages to museum staff and patrons.

2.3 **Museum Shop.** Phase IIA Developer shall operate a Museum Shop on the Museum Parcel, which Museum Shop shall be open, at a minimum, during such hours as the Museum is open to the general public. Access to the Museum Shop shall be from Upper Grand Avenue and shall be permitted without having to purchase entry to the Museum. The materials sold in the Museum Shop are anticipated to include art-related publications and other art-related materials similar to those sold in other high-end museum shops, including without limitation the shops at MOCA, the San Francisco Museum of Modern Art and the New York Museum of Modern Art. The Museum Shop shall not engage in a general retail book trade unrelated to the Museum's purpose.

EXHIBIT "H-1"

ENDOWMENT REQUIREMENTS

On or before the date of commencement of operation of the Museum, Phase IIA Developer shall establish or cause to be established an independent endowment with an initial value of no less than Two Hundred Million Dollars (\$200,000,000) (the "**Endowment**") solely to fund the Museum's operations in accordance with the First Amendment to Disposition and Development Agreement to which this Exhibit "H-1" is attached. Phase IIA Developer shall invest the Endowment in a prudent and fiscally responsible manner, as determined by Phase IIA Developer in Phase IIA Developer's reasonable, good faith discretion, for the dual purposes of maximizing income and preserving and increasing corpus. Phase IIA Developer shall spend only the income from the Endowment (and shall not invade the corpus of the Endowment) in accordance with policies and procedures established by its trustee(s) and/or board of directors, in their reasonable, good faith discretion, and in a manner consistent with Phase IIA Developer's obligations under the terms of the First Amendment to Disposition and Development Agreement to which this Exhibit "H-1" is attached. The foregoing covenants are a material part of the consideration to the Authority for the execution of the First Amendment to Disposition and Development Agreement and the ground lease of the Museum Parcel to Phase IIA Developer. Notwithstanding the foregoing restriction on invasion of the corpus of the Endowment, in the event of financial hardship beyond the reasonable control of Phase IIA Developer which results in insufficient income from the Endowment to enable Phase IIA Developer to operate the Museum in compliance with Exhibit "G-1," Authority will reasonably and in good faith consider requests by Phase IIA Developer, on an annual basis, to utilize portions of the corpus for Museum operations and maintenance during such period of financial hardship.

EXHIBIT "I-1"

FOUNDATIONS GUARANTY

THE BROAD COLLECTION, a California nonprofit public benefit corporation (referred to herein as "**Phase IIA Developer**") and GRAND AVENUE L.A., LLC, a Delaware limited liability company ("**GALA**"), have entered into that certain Grand Avenue Project-Phase IIA Parcel Assignment and Assumption Agreement dated as of June 21, 2010 (the "**Phase IIA Assignment**"). Pursuant to the Phase IIA Assignment, GALA assigned to Phase IIA Developer its rights under that certain Disposition and Development Agreement dated as of March 5, 2007 between GALA and The Los Angeles Grand Avenue Authority, a California joint powers authority (the "**Authority**") with respect to the development of the Phase IIA Parcels. Authority, GALA and Phase IIA Developer are concurrently entering into a First Amendment to Disposition and Development Agreement ("**First Amendment**") (the Disposition and Development Agreement, as amended by the First Amendment, is referred to herein as the "**DDA**") with respect to the development of the Phase IIA Parcels. Capitalized terms used and not otherwise defined herein shall have the meaning ascribed to such terms in the DDA.

In consideration for, and as a condition to, the consent of the Authority to the Assignment Agreement and Authority's execution of the First Amendment, The Broad Art Foundation, a California charitable trust ("**TBAF**") and The Eli and Edythe Broad Foundation, a California charitable trust ("**TEEBF**") , jointly and severally (hereinafter, individually and collectively, "**Guarantor**"), have agreed to guaranty the Guaranteed Obligations (as defined in Section 2 below). Guarantor hereby acknowledges that it will benefit from the Phase IIA Assignment, the First Amendment and the ground lease to be executed between Authority and Phase IIA Developer pursuant to the DDA (the "**Ground Lease**"), in that Guarantor wishes to facilitate the development of the Museum by Phase IIA Developer for the purpose of making the Permanent Collection (as defined in Exhibit "G-1" to the First Amendment) and other works of art as described in Section 2.1 of Exhibit "G-1" to the First Amendment, available at the Museum for the public to visit and view on an ongoing basis. Therefore, for valuable consideration, the receipt of which is hereby acknowledged, Guarantor hereby agrees as follows:

1. Guarantor acknowledges that Authority is relying upon Guarantor's covenants herein in consenting to the Phase IIA Assignment and executing the First Amendment, and Guarantor undertakes to perform its obligations hereunder promptly and in good faith.

2. Guarantor, jointly and severally, hereby:

(a) unconditionally, absolutely and irrevocably guarantees the full, complete, lien-free completion of the Museum on the Museum Parcel in accordance with the Project Documents approved by the Authority, the applicable requirements of the DDA and the substantially identical requirements of the Ground Lease including, without limitation, the Museum Schedule of Performance;

(b) unconditionally guarantees and promises on demand to pay to Authority in lawful money of the United States all amounts actually owed by Phase IIA Developer under

Sections 419, 601, 602, 1005, 1311 and/or 1608 of the DDA (and the substantially identical provisions of the Ground Lease) at the times and in the manner set forth therein; and

(c) unconditionally guarantees and promises on demand to perform all of the duties and obligations to be kept, observed, or performed by Phase IIA Developer under Exhibit G-1 to the DDA (and the substantially identical provisions of the Ground Lease), at the times and in the manner set forth therein including, without limitation, the funding of costs and expenses as required in order to comply with such Exhibit G-1 (and the substantially identical provisions of the Ground Lease).

Notwithstanding the foregoing or any other provision of this Guaranty, (i) TEEBF shall have no liability with respect to the obligations set forth in Section 2(b) of this Guaranty, and (ii) TBAF may, at any time, at its election, cause Phase IIA Developer to provide environmental insurance in form and substance reasonably satisfactory to Authority, naming Authority as an additional insured, whereupon TBAF's obligations under Section 2(b) above pertaining to Section 1005 of the DDA will be deemed to have been fully satisfied and discharged.

The liabilities and obligations described in Sections 2(a), 2(b) and 2(c) above will be herein called "**Guaranteed Obligations.**" Notwithstanding any of the provisions of this Guaranty or the First Amendment to the contrary, (i) TEEBF shall maintain a net worth of at least Five Hundred Million Dollars (\$500,000,00) until the issuance of a Certificate of Completion for the Museum, (ii) thereafter, TEEBF may, in its sole and absolute discretion, give away all of its assets and terminate its operations (whereupon TEEBF and its trustees, officers, employees and agents (but only in their capacity as trustees, officers, employees or agents of TEEBF) shall have no further obligation or liability under this Guaranty), and (iii) TEEBF's total liability under Section 2(c) above shall not exceed Two Hundred Million Dollars (\$200,000,000) in the aggregate. For so long as this Guaranty is required to be in effect, TBAF shall maintain a net worth of at least Five Hundred Million Dollars (\$500,000,000), which may include, without limitation, funds pertaining to the Endowment and TBAF's physical assets.

3. Guarantor shall pay all of the foregoing amounts and perform all of the foregoing duties and obligations notwithstanding that the Phase IIA Assignment, DDA or Ground Lease may be void or voidable as against Phase IIA Developer or any of Phase IIA Developer's creditors, including a trustee in bankruptcy of Phase IIA Developer, by reason of any fact or circumstance including, without limiting the generality of the foregoing, failure by any person to file any document or to take any other action to make the Phase IIA Assignment, DDA or Ground Lease enforceable in accordance with its terms. Guarantor hereby waives any right it may have to claim that the underlying obligations of Phase IIA Developer under the Phase IIA Assignment, DDA or Ground Lease are unenforceable.

4. This Guaranty is a continuing one and shall terminate only on full payment and performance of all of the Guaranteed Obligations.

5. Guarantor authorizes Authority and Phase IIA Developer, without notice or demand, and without affecting Guarantor's liability hereunder, from time to time to:

- (a) change the amount, time, or manner of payment of sums owed by Phase IIA Developer;
 - (b) amend, modify or change any of the covenants, conditions, or provisions of the DDA or Ground Lease; and
 - (c) take and hold security for the performance of the obligations of Phase IIA Developer and, enforce, waive, and release any such security.
-

6. No failure or delay on Authority's part in exercising any power, right or privilege hereunder shall impair or be construed as a waiver of any such power, right or privilege.

7. Authority may, without notice, assign this Guaranty in whole or in part in conjunction with an assignment of Authority's interest in the DDA or Ground Lease. Guarantor may not assign this Guaranty without the prior written consent of Authority in its sole discretion; and no assignment of this Guaranty made without the consent of Authority shall waive or release any obligation of Guarantor hereunder.

8. If Phase IIA Developer fails to pay or perform any of the Guaranteed Obligations when payment or performance, as applicable, is due, then upon the expiration of the applicable cure period, if any, Authority, in its sole discretion, may proceed directly against Guarantor under this Guaranty with respect to such Guaranteed Obligations without first proceeding against Phase IIA Developer or exhausting any of its rights or remedies against Phase IIA Developer. Guarantor waives and relinquishes all rights and remedies accorded by applicable law (and agrees not to assert or take advantage of any such rights or remedies) to require Authority to:

- (a) proceed against Phase IIA Developer or any person;
- (b) proceed against or exhaust any security held from Phase IIA Developer or pursue any other remedy in Authority's power before proceeding against Guarantor; or
- (c) notify Guarantor of any default by Phase IIA Developer in the payment of any sums which are a part of the Guaranteed Obligations.

9. Guarantor waives:

- (a) any defense arising by reason of any disability or other defense of Phase IIA Developer or by reason of the cessation from any cause whatsoever of the liability of Phase IIA Developer, excepting only a termination of the Guaranteed Obligations;
- (b) the defense of the statute of limitations in any action hereunder or in any action by Authority under the DDA;
- (c) any defense that may arise by reason of the incapacity, lack of authority, death or disability of any other person or persons or the failure of Authority to file or enforce a claim against the estate (in administration, bankruptcy or any other proceeding) of any other person or persons;

(d) any defense based upon any statute or rule of law which provides that the obligation of a surety must be neither larger in amount nor in other respects more burdensome than that of the principal;

(e) any right to plead that it is the alter ego of Phase IIA Developer as a defense to its liability hereunder or the enforcement of this Guaranty;

(f) any duty on the part of Authority to disclose to Guarantor any facts Authority may now or hereafter know about Phase IIA Developer, regardless of whether Authority has reason to believe that any such facts materially increase the risk beyond that which Guarantor intends to assume or has reason to believe that such facts are unknown to Guarantor or has a reasonable opportunity to communicate such facts to Guarantor, it being understood and agreed that Guarantor is fully responsible for being and keeping informed of the financial condition of Phase IIA Developer and of all circumstances bearing on the risk of non-payment or non-performance of any obligations hereby guaranteed; and

(g) any defense arising because of Authority's election, in any proceeding instituted under the Bankruptcy Code, of the application of Section 1111(b)(2) of the Bankruptcy Code.

Without limiting the generality of the foregoing or any other provisions hereof, Guarantor expressly waives any and all benefits which might otherwise be available to Guarantor under California Civil Code Sections 2809, 2810, 2819, 2839 (except only upon full performance by Phase IIA Developer of all of the Guaranteed Obligations), 2845, 2847, 2848, 2849, 2850, 2899 and 3433. Until the payment of all amounts and the performance of all obligations required to be kept, observed or performed by Phase IIA Developer, Guarantor shall have no right of subrogation, and Guarantor hereby waives any right to enforce any remedy which Authority now has or may hereafter have against Phase IIA Developer, and waives any benefit of, and any right to participate in any security now or hereafter held by Authority. Guarantor waives all presentments, demands for performance, notices of nonperformance, protests, notices of protests, notices of dishonor, and notices of acceptance of this Guaranty.

10. Guarantor represents and warrants to Authority that it has the power, capacity and authority to execute and deliver this Guaranty and to perform its obligations pursuant to this Guaranty.

11. Guarantor does not intend by any provision of this Guaranty to confer any right, remedy or benefit upon any person, firm or entity other than Authority and its successors and assigns under the DDA and the Museum Parcel Ground Lease, and no person, firm or entity other than Authority and its successors and assigns under the DDA and the Museum Parcel Ground Lease shall be entitled to enforce or otherwise acquire any right, remedy or benefit by reason of any provision of this Guaranty.

12. Guarantor shall pay reasonable attorneys' fees and all other costs and expenses which may be incurred by Authority in the enforcement of this Guaranty.

13. Subject to the limitations of liability with respect to TEEBF set forth in Section 2 above, the obligations of Guarantor under this Guaranty are joint and several. The obligations of

Guarantor under this Guaranty are independent of the obligations of Phase IIA Developer. A separate action or actions may be brought and prosecuted against Guarantor, whether or not an action is brought against Phase IIA Developer or whether Phase IIA Developer is joined in any such action or actions.

14. This Guaranty shall inure to the benefit of Authority, its successors and assigns, and shall be binding on the successors and assigns of Guarantor.

15. This Guaranty shall be governed by and interpreted according to the laws of the State of California. In any action brought under or arising out of this Guaranty, Guarantor hereby consents to the jurisdiction of any competent court within the State of California and consents to service of process by any means authorized by California law. Except as provided in any other written agreement now or at any time hereafter in force between Authority and Guarantor, this Guaranty shall constitute the entire agreement of Guarantor with Authority with respect to the subject matter hereof, and no representation, understanding, promise or condition concerning the subject matter hereof shall be binding upon Authority unless expressly stated herein.

16. If any provision or portion of this Guaranty is declared or found by a court of competent jurisdiction to be unenforceable or null and void, such provision or portion thereof shall be deemed stricken and severed from this Guaranty, and the remaining provisions and portions thereof shall continue in full force and effect.

17. All notices, statements, reports or other communications required or permitted hereunder (individually, a “Notice”) shall be in writing and shall be given to the addressee at its address set forth below or such address as such party may hereafter specify for the purpose by Notice to the other party listed below. Each Notice shall be deemed delivered to the party to whom it is addressed (a) if personally served or delivered, upon delivery, (b) if given by certified or registered mail, return receipt requested, deposited with the United States mail with first-class postage prepaid, seventy-two (72) hours after such Notice is deposited with the United States mail, (c) if given by overnight courier with courier charges prepaid, twenty-four (24) hours after delivery to said overnight courier, or (d) if given by any other means, upon delivery when delivered at the address specified below.

If to Authority:

The Los Angeles Grand Avenue Authority
c/o California Community Foundation
445 South Figueroa Street, Suite 3400
Los Angeles, CA 90071-1638

With a copy to:

Gilchrist & Rutter Professional Corporation
1299 Ocean Avenue, Suite 900
Santa Monica, California 90401
Attention: Jonathan Gross

If to Guarantor:

10900 Wilshire Boulevard
12th Floor
Los Angeles, California 90024
Attention: General Counsel

With Copy To:

Pircher, Nichols & Meeks
1925 Century Park East, Suite 1700
Los Angeles, California 90067
Attention: Real Estate Notices (LJP/FV)

18. This Guaranty constitutes the entire and exclusive agreement between Authority and Guarantor, and may be amended, modified or revoked only by an instrument in writing signed by Authority and Guarantor. All prior or contemporaneous oral understandings, agreements or negotiations relative to the guaranty are merged into and revoked by this instrument.

19. GUARANTOR HEREBY ACKNOWLEDGES THAT GUARANTOR HAS BEEN AFFORDED THE OPPORTUNITY TO READ THIS DOCUMENT CAREFULLY AND TO REVIEW IT WITH AN ATTORNEY OF GUARANTOR'S CHOICE BEFORE SIGNING IT. GUARANTOR ACKNOWLEDGES HAVING READ AND UNDERSTOOD THE MEANING AND EFFECT OF THIS DOCUMENT BEFORE SIGNING IT.

IN WITNESS WHEREOF, the undersigned has duly executed this Guaranty as of _____, 20__.

GUARANTOR:

THE BROAD ART FOUNDATION,
a California charitable trust

By: _____
Eli Broad, Its Trustee

THE ELI AND EDYTHE BROAD FOUNDATION,
a California charitable trust

By: _____
Eli Broad, Its Trustee

SCHEDULE 418

COMPLETION BONDS

"418. Completion Bonds.

Prior to the Commencement of Construction of the Museum, Phase IIA Developer shall deliver to Authority the following with respect to the development of the Museum:

copies of (i) labor and material bonds and payment and performance bonds with respect to the following limited items applicable to the general contractor: general conditions, insurance, taxes, and contractor's design build costs and fee ("**Bonded Items**"); such bond or bonds shall be for a total aggregate amount of not less than one hundred percent (100%) of the scheduled cost of the Bonded Items unless waived by mutual agreement of Authority and Phase IIA Developer, and (ii) payment and performance bonds or evidence of subguard insurance for all subcontracts for design-build work, roofing, waterproofing, exterior skin and primary structure components ("**Critical Trades**"), regardless of the value of such Critical Trades subcontracts. Such bond or bonds shall be for a total aggregate amount of not less than one hundred percent (100%) of the scheduled cost of the Critical Trades. Evidence of subguard insurance shall be provided with respect to all subcontracts and purchase orders with an initial value of \$100,000 or more (exclusive of the Critical Trades subcontracts). Subcontracts with an initial value of \$100,000 or more that fall below the threshold through approved change orders will continue to be covered by the subguard policy. Subcontracts with an initial value of less than \$100,000 that later increase so that they are above the threshold through approved change orders will not require coverage by the subguard policy.

All bonds listed above shall name Authority as a dual obligee. Each labor and material bond and payment and performance bond shall be issued by an insurance company that is licensed to do business in California and named in the current list of "Surety Companies Acceptable on Federal Bonds" as published in the Federal Register of the U.S. Treasury Department. Authority acknowledges and agrees that all subcontracts with an initial value of less than \$100,000, other than Critical Trades, may not be bonded or covered by the subguard policy. Authority further acknowledges and agrees that professional services (such as surveying, site security, detailing, architects and engineers) shall not be required to be bonded or covered by the subguard policy. At the request of Phase IIA Developer, Authority shall consider (but have no obligation to approve) alternate forms of reasonable assurance that the Museum will be completed in the manner contemplated by the Amended DDA, including obtaining a letter of credit."

SCHEDULE 602

INSURANCE REQUIREMENTS

"602. Insurance Requirements.

Without limiting Phase IIA Developer's indemnification of Authority Indemnified Parties, Phase IIA Developer shall maintain or cause to be maintained, and keep in full force and effect the following insurance coverages, unless otherwise agreed by Authority in writing. Such insurance relates to Phase IIA Developer's performance and operations and shall be primary to and not contributing with any insurance or self-insurance programs maintained by any of the Governing Entities, and such coverage shall be provided and maintained at the Phase IIA Developer's own expense.

A. Policy Requirements.

1. Commercial General Liability Insurance. A policy of commercial general liability insurance with limits of not less than the following:

General Aggregate:	\$25,000,000
Products/Completed Operations Aggregate:	\$25,000,000
Each Occurrence:	\$10,000,000

Such policy shall protect the Governing Entities as additional insureds against incurring any legal cost in defending claims for alleged loss subject to all the terms and conditions of the commercial general liability policy. Excess insurance that complies with the general insurance requirements set forth in Section 602(B) below may be used to provide the required coverage limits.

2. Automobile Liability Insurance. Phase IIA Developer shall require contractors and other parties working on the Museum Parcel to have commercial automobile liability insurance written on ISO policy form CA 00 01 or its equivalent, with a limit of liability of not less than One Million Dollars (\$1,000,000) per accident, including coverage for any owned, hired or non-owned automobiles, or coverage for "any auto." Phase IIA Developer's excess liability insurance policies shall also apply to commercial automobile liability.

3. Workers' Compensation and Employer's Liability Insurance. Worker's compensation insurance having limits not less than those required by the Labor Code of the State of California and federal statute, if applicable, and Employer's Liability covering all persons entering onto the Museum Parcel to perform work thereupon and/or employed by Phase IIA Developer or Phase IIA Developer's contractors in the conduct of their respective operations on the Museum Parcel (including the "all states" and volunteers endorsements, if applicable), with minimum limits of not less than One Million Dollars (\$1,000,000) covering accidental death, bodily injury, illness and disease.

4. Liquor Liability Insurance. If and when the manufacture, distribution or service of alcoholic beverages occurs on the Museum Parcel, Phase IIA Developer shall provide or cause to be provided Liquor Liability insurance with a liability limit of not less

than Five Million Dollars (\$5,000,000) per occurrence and an annual aggregate of Ten Million Dollars (\$10,000,000). If written on a "claims made" form, the coverage shall also provide an extended two (2) year reporting period commencing upon the expiration or earlier termination of this Agreement.

5. Commercial Property Insurance. A policy of insurance to cover damage to the Museum including improvements and betterments, from perils covered by the Causes-of-Loss Special Form or its equivalent, including earthquake (with coverage levels based on replacement cost and if coverage is available at commercially reasonable rates), and ordinance or law coverage, written for the full replacement value of the Museum, with a deductible no greater than \$250,000 (adjusted by CPI) or 5% of the property values whichever is less (except for earthquake deductible which shall not exceed 5% of the insured unit value). Such policy of insurance shall also include boiler and machinery coverages, and business interruption coverage, including loss of rent equal to twelve (12) months of rent. Insurance proceeds will be payable to the Phase IIA Developer, Authority, CRA, City and County as their interests may appear and will be utilized for repair and restoration of the Museum. The obligation to provide insurance coverages under this Section 602(A)(5) shall not be applicable so long as the insurance coverage described in Subsection 602(A)(6)(1) below, is carried.

6. Insurance During Construction. Phase IIA Developer shall maintain or cause to be maintained, and keep in full force and effect the following insurance coverage during construction of the Museum:

(1) Builder's Risk Course of Construction. Such coverage shall: (i) insure against damage from perils covered by builder's risk "all risk" coverage, and be endorsed to include earthquake, ordinance or law coverage, coverage for temporary offsite storage, debris removal, pollutant cleanup and removal, preservation of property, excavation costs, landscaping, shrubs and plants, full collapse coverage during construction (without restricting collapse coverage to specified perils), boiler and machinery coverage for air conditioning, heating and other equipment during testing, covering the entire value of materials and equipment in transit, and (ii) be written on a completed-value basis (except the earthquake coverage (which shall be based on replacement cost and if coverage is available at commercially reasonable rates)) and cover the entire value of the construction project, including materials and equipment of the County, City or CRA, against loss or damage until completion and acceptance of the construction by the Authority.

(2) General Liability Insurance. Such coverage shall have limits of not less than Ten Million Dollars (\$10,000,000) per occurrence, Twenty-Five Million Dollars (\$25,000,000) policy aggregate and Twenty-Five Million Dollars (\$25,000,000) products/completed operations aggregate. The products/completed operations coverage shall continue to be maintained in the amount indicated above for at least ten (10) years from the date the Museum is completed and accepted by Authority. Such insurance shall be an occurrence based policy with no "On Going Operations Endorsement" and "Close of Escrow Coverage Forms." Excess insurance that complies with the general insurance requirements set forth in Section 602(B) below may be used to provide the required coverage limits.

(3) Errors and Omissions. Phase IIA Developer shall cause all architects, engineers and other design professionals providing services in connection with the Museum to carry Professional Liability Insurance covering errors, omissions, negligent or wrongful acts. The limits of coverage required shall be (a) Five Million Dollars (\$5,000,000) with respect to the prime architect for the Improvements, and (b) One Million Dollars (\$1,000,000) with respect to each other architect, engineers, surveyor or other licensed professional rendering services in connection with design or construction on the Museum Parcel. The coverage shall also provide an extended three (3) year reporting period commencing upon termination or cancellation of the errors and omissions coverage or acceptance of the Museum by the Authority, whichever occurs first.

(4) Worker's Compensation and Employer's Liability Insurance. Worker's compensation insurance having limits not less than those required by the Labor Code of the State of California and federal statute, if applicable, and Employer's Liability covering all persons entering onto the Museum Parcel to perform work thereupon and/or employed by Phase IIA Developer's contractors in the conduct of their operations on the Museum Parcel (including the "all states" and volunteers endorsements, if applicable), in minimum limits of not less than One Million Dollars (\$1,000,000) covering accidental death, bodily injury, illness and disease.

(5) Reserved

(6) Automobile Liability Insurance. Phase IIA Developer shall require contractors and other parties working on the Museum to have commercial automobile liability insurance with a limit of liability of not less than One Million Dollars (\$1,000,000) per accident, including coverage for any owned, hired or non-owned automobiles, or coverage for "any auto." Phase IIA Developer's excess liability insurance policies shall also apply to commercial automobile liability.

7. Modifications to Coverages. The Authority reserves the right throughout the term of this Agreement, to require reasonable changes to the amounts and types of insurance coverage required hereunder based on accepted risk management principles by giving Phase IIA Developer ninety (90) days prior written notice of such change, provided such requirements are commercially available and are what is customarily maintained by comparable developers of comparable projects.

B. General Insurance Requirements.

1. Insurance Companies. Insurance required to be maintained pursuant to this Section 602 shall be written by companies authorized to do business in California and having a "General Policyholders Rating" of at least A:VIII (or such higher rating as may be required by a Mortgagee) as set forth in the most current issue of "Best's Key Rating Guide."

2. Certificates of Insurance. Phase IIA Developer shall monitor the insurance of Phase IIA Developer's contractors and design professionals and maintain proof of such insurance during construction. Phase IIA Developer shall deliver to Authority certificates of insurance with original additional insured endorsements as indicated in Section (B)(3) below,

for all coverages required by this Section 602. The certificates and endorsements of each insurance policy shall be on forms reasonably acceptable to Authority and signed by a person authorized by the insurer to bind coverage on its behalf and provided prior to commencing any activities on the Museum Parcel.

3. Additional Insureds. All policies of insurance required hereunder (other than worker's compensation insurance, employer's liability insurance and professional liability insurance) shall name Authority, the Grand Avenue Committee, the CRA, the City, and the County as additional insureds as their respective interests may appear. The policy required under Part (A)(1) above shall provide for severability of interest.

4. Excess Coverage. Any umbrella liability policy or excess liability policy shall be in "following form" and shall contain a provision to the effect that, if the underlying aggregate is exhausted, the excess coverage will drop down as primary insurance.

5. Notification of Incidents. Phase IIA Developer shall promptly notify Authority of the occurrence of any accidents or incidents in connection with the Museum which could give rise to a claim under any of the insurance policies required under this Section 602. Phase IIA Developer shall notify its insurer of the occurrence of any accidents or incidents in connection with the Museum within the time periods required under each insurance contract and shall provide a copy thereof to Authority upon request by Authority.

6. Full Insurable Value. The term "**full insurable value**" shall mean the actual replacement cost (without deduction for depreciation) of the Museum immediately before such casualty or other loss, including the cost of construction of the Museum, architectural and engineering fees, and inspection and supervision. Phase IIA Developer shall make available upon request, to Authority, for its review and approval all documents, data and resources used in determining the full insurable value.

7. No Cancellation. All policies of insurance shall not be subject to cancellation, reduction in coverage, or nonrenewal except after notice in writing by the insurer shall have been sent to Authority not less than ten (10) days prior to the effective date of cancellation, nonrenewal, amendment or reduction in coverages.

8. Premiums. Phase IIA Developer agrees to pay all premiums timely for all insurance required by this Section 602 and, at its sole cost and expense, to comply and secure compliance with all insurance requirements necessary for the maintenance of such insurance.

9. Blanket Policies. The insurance described in this Section 602 may be carried under a blanket policy or policies covering other liabilities and locations of Phase IIA Developer, in form, amount and content reasonably satisfactory to the Authority, provided such coverage provides the same protection as if the insurance had been procured on an individual location basis.

10. Waiver of Subrogation. Phase IIA Developer agrees to release the Authority Indemnified Parties and waive its rights of recovery against the Authority Indemnified Parties under the insurance policies specified in this Agreement. Phase IIA Developer shall

ensure that each policy of property insurance includes a waiver of subrogation against the Authority Indemnified Parties.

11. Duration of Obligations. The Ground Lease for each respective Parcel and each Operator Ground Lease shall require similar insurance coverages to be maintained in effect for the term of each Ground Lease for the benefit of each ground lessor.

12. Notice. Phase IIA Developer shall send all required insurance information Authority c/o the Grand Avenue Committee at 445 S. Figueroa Street, Suite 3400, Los Angeles, CA 90071 with a copy to the CRA at 354 South Spring Street, Los Angeles, California 90013 (Attention: Regional Administrator) and to the County at 500 W. Temple Street, Room 713, Los Angeles, California 90012 (Attention: Chief Administrative Officer) or such other address as provided in writing to each Party.

13. Self-Insured Retentions (SIR) or Deductibles. Phase IIA Developer shall identify any SIR or deductibles that exceed Fifty Thousand Dollars (\$50,000).

14. Failure to Maintain Coverage. Failure of Phase IIA Developer to procure, maintain or renew the herein required insurance shall, if not cured within ten (10) business days after written notice from Authority, constitute a default hereunder. In the event of such failure, in addition to the other rights and remedies provided hereunder, Authority may, at its discretion, procure or renew such insurance and pay any and all premiums in connection therewith. Authority shall be entitled to reimbursement for all actual costs incurred by the Authority in the procurement or renewal of such insurance, with interest thereon at the Reference Rate, within five (5) business days after written demand by Authority.”

ATTACHMENT C

THE GRAND AVENUE PROJECT

ADDENDUM TO THE CERTIFIED ENVIRONMENTAL IMPACT REPORT